No.30,672

Thursday October 20 1988

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POST-WAR IRAN Countertrade oils wheels of business

Suicide car bomb kills 7 Israeli troops

World News

A Moslem guerrilla killed himself and seven Israeli solnimself and seven Israeli sol-diers when he blew up his car near the Israeli Lebanese bor-der, Israeli military sources said. At least 10 other people were wounded. The bomb exploded in Lebanon near the village of Metulla, a heavily-guarded Israeli border grassing guarded Israeli border crossir point used by army vehicles and Lebanese day labourers in Israel. Page 20

in Lebanon

IRA interview ban The British Government announced restrictions on the broadcasting of interviews with members of Northern Ireland extremist organisations including the Irish Republican Army, its political wing Sinn Fein and the Protestant para-military Ulster Volunteer Force. Page 20.

Afghan crisis

Nine people were killed and 17 injured in a rebel rocket attack outside Kabul airport. President Najibullah's ruling People's Democratic Party of Afghanistan sacked two Politburo members.

Physics prize

The state of

Two US scientists, Leon Lederman and Melvin Schwartz, and the 1988 Nobel prize for physics, for their elementary particle research.

indian aircraft crash Some 164 people died in two separate airliner crashes in India, making it the worst day in the country's domestic aviation history.

Hirohito worse

Japan's ailing Emperor Hiroh-ito vomited blood for the first time since he collarsed a month ago and was left almost speechless by a violent coughing fit.

Three prominent South African auti-spertheld activists left the US consulate in Johannesburg, to the cheers of supporters, five weeks after taking refuge there on their escape from detention. Page 4

Argentine poll date Argentina's President Raul Allonsin confirmed that Argen tina will go to the polls on May president. Page 8

Bukakis hits back

US presidential candidate Michael Dukakis, facing electoral humiliation on November 8 unless he can turn the tide, dubbed his Republican rival George Bush a man "with flags and balloons, but no convic-tions, no ideas and no plans."

Police chief resigns Sweden's police chief Niels Erik Ahmansson resigned fol-lowing allegations by the coun-try's attorney-general of incom-petence in leading the hunt for the marderer of Prime Min-ister Olof Palme.

Italian speed limit Italian MPs failed for the third time to endorse a Government proposal for a definitive motorway speed limit, replacing the present two-tier limit. Other Italian news, Page 2

Fouquet's saved

To tears of delight from Fou-quet's waiters, French Culture Minister Jack Lang declared the famed Paris bistro an historic monument and rescued it from closure.

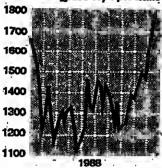
Business Summary Saudi group

sees long term role in **First Boston**

SULIMAN Olayan, Saudi financier playing a key interim financier playing a key interim role in the restructuring of First Boston, the US investment bank, said his Olayan Group, which is supplying \$600m in bridge financing for the \$1.1bn merger of First Boston with its European affiliate, Credit Suisse First Boston, was expected to keep some of the equity as a permanent investor. Page 21. tor. Page 21

COPPER and zinc prices moved to record levels on the London Metal Exchange amid concern about the impact of

Cash metal (grade 'A') £ per tonne



the Peruvian miners' strike. Metal for immediate delivery

DUTCH Government plans to lift its stake in Fokker of the Netherlands to 30-40 per cent in defiance of the aircraft maker's wishes to avoid greater state involvement and increase private ownership. Page 21

FERRUZZI, the Italian agro-in-dustrial group controlled by Mr Raul Gardini, said it has signed a five-year agreement in the Soviet Union to develop 500.000 became of controllers. 500,000 hectares of agricultural land in the Ukraine.

BRIK Peaser, Swedish finan-cier who controls Nobel Indus-tries armsment and chemicals group and two investment companies Asken and Carnegle, revealed plans to reorganise his empire and concentrate on building up industrial inter-

ABBEY Life Assurance, second largest UK unit linked life company, is today expected to announce a tie-up which could be worth up to £500m (\$876m) with Lloyds, smallest of the big four British clearing banks. Page 21; Lex, Page 20.

SOVIET Union is undertaking a wide review of regulations affecting foreign investments in joint ventures, including profit remittance and management control. Page 9

BRAZIL'S Britanite, biggest maker of civilian explosives in Latin America, signed joint venture deal with Royal Ordnance, UK's largest manufacturing company, to establish a guided missile industry using British technology. Page 9

BANKERS Trust, sixth largest US bank, made net profits of \$162.1m or \$2.01 a share in the third quarter - higher in total, but lower on a per share basis than in the third quarter last vear. Page 23

SAAB-Scania, Swedish automotive group, made a strong recovery during second four months of this year after a 36 per cent profit decline in the first four months because of a three-week national white collar strike. Page 22

BOND Corporation, Alan Bond's flagship company, has debts of more than A\$7bn (US\$5.7bn), or more than A\$8.5bn including liabilities of the recently acquired Bell Group, Robert Holmes à Court's former flagship. Page

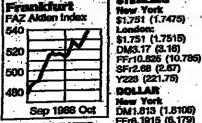
STOCK BIDICES

Dow Jones Ind. Av.

2,137.27 (-22.58)

275.87 (-3.51)

MARKETS



MIEREST RATES (81%) 3-mth Treasury Bills:

riekt: 7.646% (7.614) Yeld: 8.886% (8.854) **QOLD** 3-month interbank: close 1131% (1113)

\$414.7 (415.1)

FFr6.1825 (6.1575) SFr1.53 (1.5245) Y127.3 (126.65)

Y127.4 (127.15)

DM1.811 (1.8045)

1,862.4 (+5.4) World: 181.35 (Tues) Tokyo Nikkei Ave 27,293.6 (+151.69) Commerzbank 1,631.0 (+11.2)

Brent 15-day (Argus) New York latest \$13.295 (+:42) (Nov) West Tex Crude \$15.185 (+.51) (Nov)

Belgrade's political shake-up fails to meet expectations

YUGOSLAVIA'S leadership has formally proposed that dis-credited politicians be dismissed from senior party ranks.

However, there was still con-siderable acrimony last night over the scope and likely speed of personnel changes, leaving open the possibility of fresh

Mr Dusan Ckrebic, an old-guard politician from Serbia. guard pointinal from Servia, Yugoslavia's biggest republic, offered to resign from the ruling party's 23-man politiburo last night after failing to win the support of the centralcommittee in a vote of confidence. However, Mr Slobodan Milo-sevic, the Serbian Communist Party chief, said there was no reason for Mr Ckrebic to step down and the politician's future was left open after a bitter exchange of insults between Mr Milosevic and Mr Stipe Suvar, the federalparty: leader who is from Croatia. The central committee ear-lier accepted the resignations of four politicians who had offered to step down.

However, nine other mem-bers of the polithuro who had submitted themselves to a vote of confidence by the 165-memer central committee kept

their posts. It was decided, apparently at



Stripe Suvar, Polithuro President, telling yesterday's Com-munist Party meeting that the changes were not a purge

two-thirds as originally

the last minute, that politburo members could stay in office if they obtained half the central committee votes, rather than

Yesterday's vote marked the climax of a central committee meeting which had been in

progress since Monday and had been called to discuss Yugo-slavia's mounting ethnic and economic crises. These have prompted demonstrations by hundreds of thousands of nationalist Serbs and by work-ers protesting over plunging living standards.

The politiburo recommended that consultations be held in

that consultations be held in each of Yugoslavia's six republics and two provinces with a view to replacing members of the federal central committee who were either old, sick, corrupt or opposed to political and economic reform.

That process could take over a month and it seamed far from certain to guarantee the

from certain to guarantee the purging of one-third of the central committee promised at the start of the session.

Two prominent members of the central committee stepped down yesterday on the grounds that they also held government

They were Mr Stane Dolanc, a Slovene who is the country's Vice-President, and Mr Josip Vrhovec, a Croat and member of the state presidency. How-ever, there was no sign that mass resignations were immi-

The postponement is likely to anger nationalist Serbs who

Epeda is surprised by joint takeover attack

By Paul Betts in Paris

VALEO, the leading French car components group under Mr Carlo de Benedetti's man-agement control, and Chargenseth control and char-gens, the French holding com-pany headed by Mr Jerome Seydoux, foinen foiles yester-day with an unexpected joint FFr3.7im (\$600m) cash bid for Epeda-Bertrand Faure, Europe's leading car seat man-The foint bid took Epeda by

surprise. It had been banking on Chargeurs to come to its rescue as a "white knight" to thwart Valeo's hostile hid. But the investment banks advising the different parties in the battle engineered a pact between Valeo and Chargeurs which led to yesterday's FFr1,100-a-share joint bid for all the car seat maker's 3.36m otistanding shares. The deal was regarded in Parks as a significant example

By lan Rodger in Tokyo

A TEAM of 30 investigators

from the Tokyo Public Prosecu-tor's office yesterday raided

the head office of Recruit, the

publishing company at the heart of a series of financial scandals that has rocked the Japanese political scene in the

Other investigators raided

the offices of Recruit Cosmos, a Recruit subsidiary, and the

home of a company official

alleged to have attempted to bribe Mr Yanosuke Narazaki,

an opposition politician. Hun-

dreds of boxes of documents were collected.

The raids were based on a complaint filed by Mr Yano-suke Narazaki early in September claiming that Recruit officials were involved in attempts.

in August by Mr Hiroshi Matsubara, an official of Recruit Cosmos, to bribe him.

past three months.

of the increasingly active and leading role French investment banks are now playing in engineering mergers and acquisi-tions in France.

Banque Worms, the banking subsidiary of the UAP state

insurance group, and Lazard, the French merchant bank, have been acting for Epeda and Chargeurs and were originally expected to draw up a defensive counter-offer against Valeo's original FFr2.3bn bid for 60 per cent of Epeda involving a combination of cash and convertible honds.

But Worms and Lezard nego-tiated instead the Valeo-Char-geur deal with Valeo's financial advisers, Paribas and

Epeda management, left with little alternative, said last night that it would not oppose

The alleged purpose of the bribe attempts was to restrain Mr Narazaki from pursuing his

inquiries into another Recruit-

related scandal: the sale of

Recruit Cosmos shares on

advantageous terms to promi-

nent figures - including aides to leading politicians - in

advance of the company's pub-

lic flotation two years ago.

The scandals have emerged

at an awkward time for the

ruling Liberal Democratic

Party, because they are

strengthening the resolve of the opposition parties to block the LDP's ambitious tax reform

plans. The opposition also claims that the Recruit affair underlines the need to

strengthen taxes on share

Last week, it looked as if the

Japanese investigators raid

scandal-linked companies

the new joint bid.

The offer has been made by a new holding company in which Valeo has a 45 per cent stake and Chargeurs has 20 per hent

The remaining 35 per cent is held by eight institutional shareholders including UAP, AXA and Société Générale. The new holding company will have a capital of FFt1.5bn to help fund the acquisition, also to be financed by debt.

Although the deal will not give Valeo the full control of the company that it had originally sought, the car components group has avoided a potentially costly and bruising takeover battle against Chargeurs. In turn, Chargeurs will also have acquired a signifialso have acquired a signifi-cant position in Epeda without a costly bidding contest.

opposition parliamentarians revealed a list of some benefi-ciaries of the Recruit Cosmos

share distributions that

included the name of Mr Kiichi Miyazawa, Finance Minister.

that the prosecutor has con-cluded there is strong evidence

well founded. An official in the prosecutor's office said it was

thought that the bribery was

an organised effort to stifle investigation of the share dis-

tribution involving several Recruit group officials, and not a personal initiative by Mr Matsubura.

The prosecutor is thought to be searching not only for evi-

Yesterday's raids indicate

Background, Page 21

Britain launches Gold **Fields** inquiry

By Kenneth Gooding, Mining Correspondent

THE UK is to investigate the events leading up to the 22.9hn (\$50n) bid for Consolidated Gold Fields, the mining and industrial group, by Minorco, the South Africancontrolled investment company

pany. Lord Young, the UK Indus try Secretary said that the inspectors were to look into the widespread allegations of insider dealing in Gold Fields shares immediately before the bid - the biggest ever for a

British company.
They would also search among the nominee holdings on the Gold Fields' share reg-ister to see whether there was any evidence of "concert par-ties" (when other people buy shares in the target company on behalf of the bidder).

Although the investigation was announced after the London Stock Exchange closed the Gold Fields' share price dropped sharply during trading yesterday, by 33½p to £12.23, although turnover was low. The Minorco offer is worth £12.75 for each Gold

Fields' share. Sir Michael Edwardes, chief Sir Michael Edwardes, chief executive of Minorco, welcomed the inquiry last night and said: "We made our position very clear from the first day of the bid when we called for a Stock Exchange inquiry into (Gold Fields') option and share dealings at and before time of the bid.

"Such dealing activity was

"Such dealing activity was obviously prejudicial to our interests and any steps that can be taken to ascertain the full facts must be good news

Gold Fields said it was encouraged by the appointment of inspectors, which it believes will put more pressure on the Office of Fair Trading to refer the bid to the

ing to refer the bid to the Monopolies Commission on "public interest" grounds.

Before the inquiry amnouncement Gold Fields issued a statement yesterday which suggested that the possible outcome of the bid had been "gracially affected" by been "crucially affected" by the destabilisation of its share Minorco already had nearly 30 per cent of the Gold Fields' issued capital before making its offer and in the three days before the bid was made, turn over of its shares in London increased to more than four times the average of the previous month and in Johannes burg to nearly 15 times. Anti-trust suit, Page 29, Lex,

Brussels not to seek backdated banking pacts

THE EUROPEAN Commission tive which is the 12 member yesterday backed away from seeking retrospective banking reciprocity agreements from foreign countries after 1992 when internal market berriers are due to be abolished within the EC.

Lord Cockfield, the EC internal market commissioner, made it clear that banking reciprocity would only be sought on the arrival of "newcomers" and would not apply to coun-tries whose banks were estab-lished within the EC.

He was speaking after the European Commission pledged support for "free and open trade" but called for selective reciprocity from foreign countries in its key statement on the interest of the contribution. the impact on the ontside world of internal European market liberalisation.

Mr Willy De Clercq, EC external affairs commissioner, external affairs commissioner, said the statement should allay as "senseless and groundless" foreign fears that Europe would, in the process of forging a single market by 1992, turn itself into a protectionist for-tress. But US officials in Brussels said the statement "failed to respond" to a number of concerns by Europe's trading

The Commission statement may spark, rather than quell, debate inside as well as outside. the Community on the inten-tions of EC's Brussels execu-Continued on Page 20

states' trade negotiator. Mr De Clercq said, however, he hoped the Council of Ministers would debate case by-case trade decisions flowing from the trade policy statement, rather than the general statement itself. Any council debate would tend to pit more protection-minded countries, like France, against others such as the UK. which has been fearful of the effect of EC reciprocity demands on the international-

ly-open City of London.
The Commission stresse three principles which it said would shape the external pro-visions of its current and future plans for internal EC deregulation.

These were that 1992 would benefit EC and non-EC coun-tries alike and would not be protectionist; that the Commu-nity would honour all its international trading obligations; and that where no interna-tional rules existed in Gatt (General Agreement on Tariffs and Trade) as in services and some areas of public procure-ment – it would "reserve the right" to seek reciprocal mar-ket access bilaterally from foreign countries or groups of

For the first time, the Com-mission defined reciprocity as "non-discriminatory opportuni-

EC agrees to Gatt anti-dumping probe

By William Duliforce in Geneva

Trade investigate Japan's charge against its anti-dump-ing regulations. However, the EC also made

it clear that it would oppose Japan pursuing the same com-plaint in the committee which supervises Gatt's anti-dumping will be the first time that

tion in Tokyo to defend its trade interests more vigorously.

In a strongly worded statement to the Gatt council, Mr Yoshio Hatano, head of the Japanese mission, said levies imposed by the EC on Japa-

THE EUROPEAN Community nese electronic and other prodyesterday agreed to let a dis-putes panel under the General were a new form of protection-Agreement on Tariffs and ism masquerading as anti-

dumping duties.

Benefits accruing to Japan under Gatt were being nullified by the illegal imposition of these duties on Japanese companies. Japan's legitimate interests should be redressed immediately, Mr Hatano said.

The dispute centres on the so-called "screwdriver" plants Japan has dragged a trading inside the Community, at partner before a Gatt panel and which Japanese companies the move reflects a determinato make finished products for sale on the European market.

The US blocked for the

second time in the Gatt council yesterday an EC request for a panel to hear its complaint against some long-standing US import curbs.

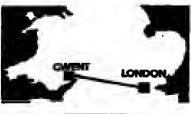


Gwent

In September, TSB Trust Company opened their new operation in Gwent. "Moving our General Insurance Services Division to Newport was not only a sound business decision, but a good investment for the future" says James Bradfield, Divisional Manager. "We chose Gwent

because it met all the criteria we laid down - a superb communications network, a skilled, adaptable workforce and an enjoyable way of life. The financial assistance was a valuable additional bonus." TSB Trust Company is just

one of many businesses which have successfully made the Gwent Connection. To find out more, ring the Gwent Industrial Development Team on 0633 838867 for a free and confidential consultancy service. Or write to Gordon Probert, County Planning Officer, Gwent County Council, County Hall. Cwmbran, Gwent, NP44



CONTENTS Bankers hold fire on riot-hit Algeria's credit standing



Despite devastation wrought by a week of bloody riots in Algeria, world bankers are not hurrying to reassess the credit rating of North Africa's largest borrower until they see the effect on Presdent Chadii's standing

Arts Reviews ... World Guide

Honduras debt erials: Central America's poorest state has arrears of \$300m8 sology: How British software is helping Hungarian industry to modernise an outdated system ...

World Index

dence of who was involved in the Narazaki bribery attempts, but also the identities of all the beneficiaries of the Recruit scandal was even becoming dangerous for LDP leaders, as Cosmos share sales.

> Soviet educations Pens poised for glasnost in Editorial comments Censorship is Irrelevant; New regime for British Gas ___ Lex British Gas; Gold Fields; Smith New Court, Hawker Siddeley, Abbey .. Surveys World Motor Industry

Survey: UK Legal Profession Financial Futures ... Stock Markets Intl. Capital Markets 28,27 Letters 19 Lex 28

EUROPEAN NEWS

Sandoz warns Swiss over environmental delay to plant By Peter Marsh in Baste

SANDOZ, the large Swiss chemicals company, has warned that it may site a new SFr170m (£63.6m) factory in another country if it encounters resistance on environmen-tal grounds to the project going ahead in Switzerland.

The warning is a further sign of the frustration felt by chemical companies in Switzerland and West Germany at the impact that these nations' increasingly tough environmental legislation is having on some of their investment

BASF, Hoechst and Bayer, West Germany's three biggest chemical companies, have all expressed irritation in recent months at the extra cash they have to spend on environmental protection as a result of Bonn's strict anti-pollution

In Switzerland, Ciba-Geigy, the country's biggest chemicals producer, has also recently run into problems over plans to build a waste disposal facility.

The difficulty in the case of Sandox concerns a plant it wants to build in Basie, where the company has its headquarters and many of its most important factories.

The plant would produce chemical ingredients for San-dimmun, a drug widely used in transplant surgery and one of the company's best-selling products. Sales are running at about SFr-100m a year, and the company wants to start building a plant as quickly as possible so it can begin production there in 1991.

But Sandos believes it is likely to encounter delays in obtaining planning permission from the Basie city authorities. This is because of a lengthy inquiry into the environmental effects of the proposed factory which has to take place before approval can be given.

Mr Hans-Peter Sigg. vice

president of Sandor, said the company would prefer to site the plant close to its other main factories, but it had prepared plans for building outide Switzerland should serious delays occur. He declined to

Sandoz was involved in a big environmental controversy two years ago when one of its Basia warehouses caught fire.

Italians seek greater control of their airwaves

Alan Friedman assesses the heated debate over proposals to tighten the regulation of TV

I n Italy there are few issues as hot as the controversy a over the country's mixed state and private television network. But while in other countries the issue concerns the implications of deregula-tion, the Italian debate starts from a different premise what sort of controls are best for the country's unwieldy and unregulated television system?

Italy is one of the few West-ern industrialised nations that does not have a national broadcasting euthority. What it does have is the Radiotelevisione Italiana (RAI) system of three state networks, the privatelyowned Berlusconi system of three commercial networks, and a total of 1,100 locally owned stations up and down

the Italian peninsular.

The quality of Italian documentaries is high and good films are frequently shown on television. The vast number of stations, while often of low quality, also means that the Italian viewer has a substantial breadth of choice.

But the rapid growth of the Berlusconi system which has put it neck and neck with the RAI network - each account-ing for around 45 per cent of the prime time audience - has prompted savage competition.

As a result there is wide agreement on the need to pro-vide some form of regulatory structure to control this free-for-all. Mr Andrea Borri, the president of the parliament's oversight committee on television, for example, claims that Italy must have "a central broadcasting anthority as in other countries."

The issue is considered so important that it represented a key negotiating point last spring during the formation of the new coalition government of Prime Minister Ciriaco de Mita. Further, because the media in Italy is regarded even more than elsewhere in Europe - as a lever of power, the battle for influence is justerminshle.

The De Mitz government's original proposal included a provision that would proscribe newspaper proprietors from entering the television market and vice versa. This so-called "zero option" would have forced Mr Berlusconi to divest his Milan newspaper – Il Gior-nale – and would prevent the Agnelli group from taking up an option in Telemontecario, a private television station.

The "zero option" was criticised in an opinion from the Constitutional Court last June.



DEREGULATION OF BROADCASTING

but some variant could well emerge in fresh legislation. Currently, the debate revolves around a proposal which would give Mr. Berhus-com the right to live broadcasting (at present he can only transmit pre-recorded tapes) and would at the same time introduce anti-trust rules for

Mr Oscar Mammi, the Minis-ter of Post and Telecommunications says, however, that he favours the idea of a rule that would prevent any single group with more than 20 per cent of the daily newspaper market from owning television stations and vice versa for tele-vision owners. Such a rule

would clearly hit the Agnelli and Bertusconi groups. Mr Ugo Intini, the 47-year-old vice-president of Mr Borri's perhamentary committee and also the Socialist Party spokesman, denies the widespread charge that his party favours the interests of Mr Berlusconi,

who is a long-time friend of former Pressier Bettino Craxi. Instead he protests about the anomalous situation in Italy where the press is owned not by pure publishers, but by For Mr Intini there is an "oli-

gopolistic concentration of media power by the Fiat group which has already been clared to be in violation of

the law."

Mr Craxi's perty, he says, fears that the industrialists could achieve "their own kind of political philosophy, as a self-relaxing objective" if they are allowed to diversity from the press to television.

Mr Berhusconi, asked for his view, replies that "I would be a fool to think about skiing with one party or another." He one party or another." He insists that "RAI is the television of the politicisms and my

The private belevision mag-nate, reacts immediately when

networks are for the common

axis about the time takes that is levelled by Ballan intel-lectuals, namely that his broadcasting of American seri-als such as Dallas and Dynasty or quiz shows and Hollywood extravagantes represents a form of "cultural imperialism". He promises that Berluscomi

television is adding more cur-rent affairs programming and claims that his own stations do not have pornography. He does, however state that this is still a problem when it comes

to locally exped stations.

Among the most delicate issues being discussed in the current debate is the question of how to carve up the hara-tive advertising ple, which this year is expected to attract a total of L3,500bn (\$2.57bn) of

At present the largest single At present the largest single seller of advertising is Mr Ber-imcom's Publitain, which last year received Li.685m and this year is expected to top the L2,000m mark. Publitalia sells space not only for Berimsonni television but also for other private naturally.

The RAI networks are restricted by a fixed ceiling that will this year be around L900bn. But RAI attains the overall Publishia revenue level because it also receives ficunce

fees, which this year should come to L1.400bm.
Mr Mammi proposes that half of all television advertis-ing in Italy be guaranteed to RAI and that an advertising By Leelle Colls in Berlin

company which is part of a television group should channel up to 90 per cent of its advertisements to the same group's stations. Others in parliament want to avoid such limits, which would clearly affect Mr Berlusconi's advertis-

A further unresolved matter is the future of satellite broadcasting. At present RAI has exclusive rights for live satel-lite broadcasts and has booked two channels on the Olympus satellite, to be launched next

Under the proposals before parliament, however, Mr Ber-inscord and other private networks would be permitted to broadcast live using satellites. The issue became especially salient a few weeks ago when Mr Berluscom used a satellite to beam a football match be had recorded just minutes before it was shown. This nearly-live broadcast was considered provocative in Italy, although Mr Berluscond insists he was inside the letter of the

Opposition criticises Hungary's new poll law

THE PROPOSED new election law for Hungary, published this week, is scarcely more democratic than the present law dating from the Stalin era. say opposition groups.

The draft law would allow only state-sponsored organiza-tions to nominate candidates for elections. The opposition had called for "spontaneous"

Mr Ferenc Koeszeg, pub-Mr Ferenc Koesseg, pub-lisher of the opposition journal, Besselo, called the proposals "very restrictive", but he hoped they would be altered in the course of a public detate. "It is still unclear what form this debate will take." The reform-minded leader-ship moder Mr Karoly Gross

ship under Mr Karcly Grosz recently submitted for nation-wide public debate a draft law regulating the right to estab-lish associations. In the course of the debate, the opposition complained that the draft exchaded the founding of political parties.
Officials replied that the

draft law would be altered so that people could form associa-tions for any purpose not expressly illegal. This goes before Parligment next month. before Partinents text month.

Mr Imre Possgay, a leading reformer in the polithuro, said recently that, although there was "no possibility yet" of organising parties in Hungary, alternative movements could become the "bearers of a party organisation" if they sought a "democratic consenue."

"desaccratic consumers."

Mr Koesseg remarked that
party officials frequently spoke of the possibility of a multi-party system as if it were a minor technicality, instead of being the central issue."
Further evidence of reforms

however, was provided by Karl Marx University of Economics in Budapest, which began the new term by banishing the tra-ditional Communist subject of Political Romomy.

Ma Katalin Stabo, head of the Department of Political Economics, said a new currieuhim was introduced which rid economics of the attribute "political."

We are out to acquaint our students with the rules of a real market economy," she noted. "After all, the creation of one will fall upon them."

Hopes revive for Italian political reform

By John Wyles in Rome

UNTIL LAST Thursday, Mr Antonio Maccanico appeared to have one of the least promising jobs in the Italian Government. The waste bins of Italian politics have been regularly stuffed in recent years with proposals for political and institutional reform, and his appointment last April as the Minister for Institutional Reform seemed the triumph of hope over experience.

But, last week, the lower house of Parliament, the Camera, demonstrated an unprecedented desire for self-improvement by imposing tight restrictions on its use of secret voting - a practice which has unseated many a Government and masked a variety of politi-cal and venal sins.

This is a powerful tonic for the reformers' cause, and Mr Maccanico now has something to build on to schieve the coulition's proclaimed desire of modernising the Italian political system and making it more

Curbing the secret vote was a key item on the Govern-ment's list of reforms but, says Mr Maccanico, not enough to remedy all the weaknesses of Italian political performance. It also creates a danger.
"I believe governments will

have to take the views of perliamentary groups much more into account them in the past and that legislative proposals will have to be framed more carefully to be sure of their support. If not, I see a danger of greater absenteeism from Parilament since members will stay away rather than vote against their Government."

Absenteeism is already a serious problem and one way it has to be tackled, he says, is by a proper timetabling of parliamentary work. "At present members do not know when they will vote, nor on what."
This is a product of a vicious circle: much legislation is held np in Parliament because members struggle to meet the 80-day deadline for ratification of legislative decrees which

governments have been forced to issue increasingly because they cannot be sure that nor-mal legislation will be dealt with in reasonable time. Mr Maccanico says that Mr Ciriaco De Mita's coalition

Government has a proposal ready for producing a properly planned parliamentary time-table for the Camera. Another priority, says Mr Maccanico, is to thin out the extraordinary duplication of

work between the Senate and the Camera. The coalition has not yet reached an internal agreement on what to do, but Mr Maccanico also strongly favours parliamentary redundancies, cutting the numbers from 315 in the Senate and 630 in the Camera to 200 and 408.

Also high on the Govern-ment's agends is a search for greater political stability and administrative efficiency in local government, partly by changing the way it is financed but also by introducing new disciplines on party behaviour.

Mr Maccamico is working on proposals to give regional governments real planning powers and to create a technical task force for beining local governments in the south where such capacities are eadly lacking. And how long does he think it wil take for the government

reform agenda? "I don't know whether it can he done in 12 months or whether it will need longer. But I do think it can be within the lifespan of this Government, be seys.

to achieve its institutional

European consumers' body says CFC pact inadequate By William Dawkine in Brussels

THE main European days after the EC, which pro-Community consumers' lobby duces 40 per cent of the group condemned as imade-world's CFCs, ratified the vienna Convention on the pro-Community communers' lobby group condemned as imale-quate newly ratified interna-tional accords to carb produc-tion of chloroffnerocarbons

(CFCs), suspected of dismaging the earth's upper standaphers. The learnes of European con-sumer unions (Henc) warms that the Montreal Protocol on reducing CPC output, signed by 31 states last year, "will not suffice to half the destruction of the onne inyer," which litters out harmful polar radio-

It calls for the phasing on by 1995 of all production and consecution of CFCs and cites recent smalles by the US space agency, Mana, as evidence that the destruction of the coope layer is the more sections than

previously augmented.

Bone's warnings come only

tection of the ozone layer and announced that it would immediately enforce the Montreal accord.

The latter is being adopted as a Community regulation. which means member states

are obliged to freeze GPC output from the middle of next year, cut it by 30 per cent by 1993, with by a further 36 per cent by 1998.

The Community plans to ratify the Montreal Protocol in

the next few weeks. The entire scheme cannot come into legal effect until ratified by countries representing more than two thirds of the world's CFC production. So

far, only six governments have

The transfer of the Addition of

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By lan Davidson in Paris

FRANCE'S ECONOMY is lic sector, but made clear that expected to continue to expand strongly next year, if not as swiftly as in 1988, according to François Mitterrand has two independent forecasts.

The projections, which peral-lel an upward revision in the Government's own economic forecasts, came as France braced itself for a day of concerted industrial action today by public service employees, notably public transport work-ers and teachers.

They also coincide with pub-lication of official figures show-

ing that industrial production continued to expand rapidly during the summer, growing during the July-August twomonth period by 0.7 per cent compared with June, and by 4.9 per cent compared with June 1987.

According to the Ipecode institute, France's gross domestic product is likely to grow by 3.8 per cent this year and 3.1 per cent next. The forecast by the Observatoire Francais des Conjonctures Economiques (OFCE) expects 3.5 per cent growth this year and 2.4

per cent in 1989. Nevertheless, the Government continues to reiterate its . determination not to surrender the policy of economic and budgetary rigour. Yesterday, Mr. Pierre Bérégovoy, the Finance Minister, stressed the

it "could not do everything at once". Similarly, President of past injustices would take

The Government's firm line will be tested by the strikes and demonstrations called for today by all the main trade unions, which are likely to par-alyse public transport in the

spread over two or three years. The OFCE forecast stresses

tained level of investment and the brake on the loss of inter-national competitiveness.

Government's sympathy for miderpaid workers in the pub-

Government takes steps to curb electoral fraud

Minister, yesterday published a bill which will scale down proxy voting and make voters themselves, rather than the ballot assessors, sign the elec-

12.12

toral register.
The two measures are simed principally at cleaning up the elections in Corsica and in Communist-controlled constituencies, where allegations of

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stressed that the rectification

apital.
On Tuesday the strike call ssued by the CGT Communist trade union secured only a half-hearted following, though it was enough to disturb metro and bus transport. Meanwhile, the nurses' strike appears to be losing momentum, amid hints that the nurses might be pre-pared to see their pay demand

several encouraging factors in the evolution of the French economy, notably the sus-

Industrial investment is set to rise by 11 per cent this year, and 8 per cent next year, while the deterioration in the trade balance is expected to level off in 1989. In addition, there has been a clear underlying improvement in the employment situation, with the creation of 88,000 jobs between

By George Graham in Paris

THE FRENCH Government plans legislation to reduce electoral fraud, after the record number of complaints of ballot rigging have been widespread for years. In Corsica, ministry studies showed that proxies accounted for more than half the votes countries belowing to the correct words to the content of the correct words. lative elections, cast in several wards in the Mr Pierre Joze, the Interior 1985 cantonal elections. The two departments of Corsica are the only ones in France where

the turnout is higher in local than in national elections. in future, proxy voting will not be permitted for people whose principal residence is outside the constituency.

Making voters sign the register themselves is expected to help reduce "urn-stuffing" in a number of manual consum-encies. It has been a relatively widespread practice for enve-lopes of false ballots to be added to the count, with the assessor signing off extra-names on the register in order to make this coincide with the

number of votes cast. . The practice is viewed as suburbs of Paris.

A total of 96 complaints covering 78 constituencies was lodged with the Constitutional Council after the June legislative election. Of these, 46 have already been rejected, but 50 of the most delicate cases, relating to 45 constituencies, remain to be judged.

ANNUAL ECONOMIC REPORT SHOWS COMPANIES GEARING UP FOR ADVENT OF SINGLE MARKET

EC boom paving way for 1992, says Commission

By David Buchan in Brussels

THE CURRENT economic nomic projections, said yesterboom in the European Community, with average growth esti-mated at 3.5 per cent this year and 2.75 per cent next, is pro-viding the best possible run-up to the goal of a single EC market by 1992, according to the European Commission's

annual economic report.
Published yesterday, the report suggests that the investment-driven boom stems in part from the conscious decision of European companies to gear up for the larger market of the early 1990s. But it also warns that the

1992 programme requires an increase in economic activity, coupled with new EC social measures, in order to cushion-the blow of restructuring and expected job losses, occurring at a time when the Commis-sion predicts unemployment will stay stubbornly high, at 11 per cent into 1989.

Presenting the report, Mr Peter Schmidhuber, the West German commissioner responsible for Brussels' macro-ecoday: "You have to go back a long way to find figures as good as in our forecasts for

Growth this year and next looked like being the strongest since the late 1970s, he said. The expected 7 per cent increase in investment this year would be the highest for two decades, while the average EC inflation rate of 3.5 per cent predicted for this year was also at the level of the 1960s. The Commission report is

markedly more optimistic than last June's forecast of EC growth produced by the Organ-isation for Economic Co-operation and Development. That said the EC would grow by only 2.5 per cent this year and 2 per cent in 1989. But infla-tion, as measured by the gross national product deflator, would fall to 3.25 per cent next year from 3.5 per cent in 1988, the OECD said.

Mr Schmidhuber said he saw no reason for realignment of exchanges rate parities in the European Monetary System "in the foreseeable future". Despite the fact that the gap in the current external balances between surplus and deficit countries in the EC had increased, he argued that "in West Germany's major EC trading partners, there are cost

timued to run a strong current account surplus amounting to 4 per cent of its gross dome

stock market collapse. Among uncertainties in the international economy were high debt levels and the US budget and trade deficits. he

developments very similar to West Germany's."

product, this was partially off-set by a capital outflow. He rejected the idea that the Commission was now erring on.
the side of optimism as much
as it, and other international
forecasters, erred on the side of pessimism in the wake of the

said, though he saw no reason why, even with a change of administration in Washington, the US should not continue in

GROSS DOMESTIC PRODUCT* (at constant prices) 1987 1988** 1989** Belgium 1.8 3.0 Denmark -1.0 0

Though West Germany conitaly Lux'b'g Portuga!

1989 the progress it had made this year in reducing its trade

1.5 2.25 2.25 4.6 4.0 3.5

4.3 3.75 2.5

29 3.5 2.75

3.4 4.0 2.25 4.2 5.5 3.75

The Commission report singles out four areas of concern for the EC itself. Despite an increase in jobs, the rise in numbers of people coming on

to the European labour market meant that the unemployment would not fall below 11 per cent next year, though it would be marginally down from 11.25 per cent this year and an average 11.6 per cent last year. So policies for labour flexibility and mobility had to be further promoted. Mr Schmidhuber Second, there was a risk of renewed inflation, reflected in

the Commission prediction that the Community average rate of price rises would edge up to 3.75 per cent next year. Third, 1968-89 was unlikely to see any convergence in budget balances between the 12 EC states, with excessive deficits persisting in Belgium, Ireland, Greece and Portugal. Lastly, there was the grow-

ing disparity in the external payments positions of EC coun-tries. This had occurred despite the fact that overall economic growth was now more evenly spread. The recent dynamism of the UK, Spanish, Italian and Portuguese economies had

extended to EC partners such as West Germany and France, which are major suppliers of investment goods. But the payments disparities were not such as to rock present EMS exchange rate parities. Mr Schmidhuber stressed

that, taking capital outflows from West Germany into account, "the tension within the EMS is not as great as one would believe from straightforward examination of the cur-rent account imbalances". general of the Commission's financial and economic affairs division, also commented that EMS realignments tended to be "driven by deficit, not surplus, countries." He noted that the French and Italian trade deficits were only likely to amount

to 0.4 and 0.2 per cent of GDP, respectively, for 1988. However, the Commission report notes that instability of the dollar - the origin of so recent rumours of possible KMS realignments - remains

traffic system call

By David Buchan

THE EUROPEAN Commission yesterday proposed to the 12 Community states that they create a single air-traffic management system to alleviate the congestion which plagued many travellers last summer, and which otherwise seems certain to increase in the future.

The Commission initiative was tabled the day before Transport Ministers from the 22 countries which participate in the European Conference on Civil Aviation (ECAC) are due to meet in Frankfurt to discuss more co-ordination in traffic

It reflects, in part, growing pressure from the European Parliament for the EC states to create a more integrated system than might be achieved on.

a wider geographic basis. In place of the eight airflow management systems now operating in the RC, the Commission proposes a single sys-tem, based on the existing. Eurocontrol organisation based at Maastricht, in the Nether-

also asking BC member states to co-ordinate the way they plan and buy navigation equipment, set out control procedures, and train controllers. It states to cede more military air

EC-wide air

In Brussels

space for civil use.

Mr George Anastassopoulos, chairman of the Transport Committee of the European Parliament (whose 520 members are great users of Europe's clogged airlanes), yes-terday welcomed the thrust of

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Italy balks at Brussels deadline for steel closures By William Dawkins in Brussels

THE EUROPEAN Commission have signalled in meetings yesterday called for strict conditions on the Ralian Government's request for EC clear-ment's request for EC clear-ment ance to pay up to L7,670bn (£3.24bn) state aid for italy's loss-making state-owned steel

Italian officials rejected a Commission deadline for closures next March as too tough. But are understood to accept other conditions suggested by Brussels for limiting the maximum amount of aid and moni-toring the enforcement of the rescue package.

A majority of EC member states led by West Germany

This division is a serious, though predictable, blockage for the Italian government res-cue plan for the reorganised state steel company Finsider, renamed Ilva after its voluntary liquidation last June. Rome cannot legally pay liva snything until the package has the unanimous support of all 12 EC governments.

In return for the aid, Rome is offering to close five mills with 1.2m tonnes of hot rolled capacity, a 3.4m tonne smelter at proposal that the closures and

disposals must be completed by the end of March, with a reprieve for the Bagnoli smelter until June, said offi-cials. The original Italian plan set a a vague deadline for up to and beyond 1990. Rome is understood to accept the Commission's condi-

tion that the aid should be

automatically scaled back if the cost of servicing Ilva debts

inherited from the old Finsider

ever falls below 4.5 per cent of

turnover. This is a rule of thumb which the Commission applies to all decisions on steel applies to all decisions on steel company aid. Italy is also believed to accept Brussels request for on-the-spot monitoring to ensure the conditions are honoured.

The Commission's proposal deliberately aims to steer a middle way between Rome and the member states that want tougher cuts in Italy's steel capacity, so as to provide a starting point for EC industry ministers to debate Ilva's future at a meeting in Athens tomorrow. It avoids mentioning the highly sensitive subject

West Germany, the EC country which has closed the most steel capacity, has long com-plained that it is unfair for its steelmakers to have to compete against subsidised Italian plant. Bonn's strongest sup-porters are the UK, France and

Rome is very unwilling to add to the high unemployment in that region, but is under severe pressure to agree if the entire plan is not to be

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Gandhi criticises | China watches an elegy to reform on TV policy on import substitution

By David Housego in New De THE PRINCIPLES which have long governed Indian economic and industrial policy were dealt a serious blow this week when Mr Rajiv Gandhi, the Prime Minister, told a gather-ing of scientists that import substitution in the field of technology was the biggest mistake that India had made. Import substitution – the

mistake that India had made. Import substitution — the development of industry behind protective barriers — was the doctrine espoused by his grandfather Jawarhlal Nehru, and his mother, Mrs Indira Gendhi es a corneratone of their industrial policy. It still has a strong following within the Congress-I Party and the opposition where the ideology of "self reliance" reflects the distrust of foreign investment and market oriinvestment and market ori-ented policies. On the far right, the militant Hindu movement, the RSS, also holds fast to the doctrine of swadeshi - or to preferential purchasing of

Indian made goods.

Mr Gandhi told the scientists that it was time the mistake of import substitution was recog-nised. He said that by the time Indian scientists and technologists had developed third and fourth generation import substitution technology, other countries were ahead with the

The same day the Prime Minister told the Planning Commission that other coun-tries in the Pacific region were growing at a faster rate than India He warned that without a higher growth rate, India's economic weight in the world would diminish. All the fastgrowing countries of the Pacific Rim have achieved international competitiveness by the type of outward looking policies that India until

recently had shunned.

The Prime Minister's remarks on the competition from the Pacific went side by side with declarations that the Government would put more emphasis on social welfare pro-grammes to provide better better housing, educational and health care. These themes are bound to be uppermost in pol-icy statements during an elec-tion year. But the warnings on import substitution track the course he intends to follow

should be win.

In similar vein, Dr Bimai Jalan, the outgoing chief economic adviser at the Ministry of Finance, who is moving to to the IMF, said that India's system of industrial licensing had the control of the latest property "in several cases led to a mis-match of supply and demand, high costs and rigidity in

Indian workers to get Sri Lankan citizenship

By Mervyn de Silva in Colombo

THE Sri Lankan Cabinet has approved a controversial bill to grant citizenship to 233,000 Indian Tamil plantation work-

The decision came after a heated two-hour discussion by the ministers who were fully alive to the political implications of the issue on the eve of a presidential election. In the d, Mr S. Thondaman, president of the Ceylon Workers Congress, the island's largest trade union, won the day. The CWC has nearly 1m members in the strategic plan-

tation sector. Mr Thondaman is also Minister of Rural Industrial Development. It is no secret that he spoke of "retiring from politics" if the citizenship issue was not settled. It was a thinly veiled warning that the plantation vote, a crucial block vote, may not neces-sarily go to Prime Minister Pre-madasa who is facing a formidable challenger in Mrs Sirimavo Bandaranaike, the former prime minister.

art, the our will finally settle the vexed post-in-dependence problem of 1m ral increase.

"stateless" persons of Indian origin. Soon after indepen-dence in 1948 the majority Sin-halese-dominated parliament, alarmed at the number of seats won by Indian labour at the 1947 polls, passed new citizen-ship laws. The Government argued that the indentured labour brought from south India by British tea companies was a "British responsibility".
The citizenship laws led to a situation where there were 975,000 "stateless" persons by

Under two agreements, signed by Mrs Bandaransibe, Prime Minister at the time, with Prime Ministers Lai Bahadur Shastri and Mrs Indira Gandhi, India agreed to accept 525,000 as its citizens, and Sri Lanka 300,000. Later, the balance,150,000 was split down the middle, leaving India with 600,000.

The choice of citizenship was strictly voluntary. Only 506,000 applied for Indian citizenship. The 233,000 which Sri Lanks balance of 94,000 and its natu-

World Bank debt relief programme launched

By Julian Ozanne in Nairobi

extra funds from the Interna-tional Development Association, the concessional loan affiliate of the World Bank, to countries with outstanding bt to the bank which have have subsequently lost their creditworthiness and are no longer eligible for International Bank for Reconstruction and Development loans.

About \$420m will be made available over the next five years from 10 per cent of IDA reflows. Seventeen IDA countries, mostly in sub-Saharan Africa, will receive the new funds to help with interest payments on outstanding IBRD

form of quick disbursing loans chanelled in addition to structural adjustment credits and in direct proportion to outstanding interest obligations.

Mr Peter Eigen, Director of the World Bank's Regional

Bank loans and they are making a tremendous effort to service the loans," said Mr Eigen.

A "FIFTH dimension" of the World Bank's Special Programme of Assistance to help indebted Third World countries was launched in Nairobi on Tuesday.

The scheme will provide extra funds from the International Development Associational Development Association of the Mission for East Africa, said conjugate with an effective adjustment programme in their repayments with an effective adjustment programme in their repayments to the Bank would be eligible for the new fundamental programme in their repayments to the Bank would be eligible for the new fundamental programme in their repayments to the Bank would be eligible for the new fundamental programme in their repayments to the Bank would be eligible for the new fundamental programme in their repayments to the Bank would be eligible for the new fundamental programme in their repayments to the Bank would be eligible for the new fundamental programme in their repayments to the Bank would be eligible for the new fundamental programme in their repayments to the Bank would be eligible for the new fundamental programme in their repayments to the Bank would be eligible for the new fundamental programme in their repayments to the Bank would be eligible for the new fundamental programment programme in their repayments to the Bank would be eligible for the new fundamental programment programme in their repayments to the Bank would be eligible for the new fundamental programment prog ted to do particularly well under the plan.

Kenya currently owes IBRD more than \$1bn and has interest obligations of \$90m - about one third of the total debt bur-den owed by the 17 IDA Special

den owed by the 17 IDA Special Programme countries to IRRD.

Kenya alone could get up to 30 to 40 per cent of the total available because of the size of its debt obligations and its good record on debt service repayments, Mr Eigen said.

The new debt facility allows the World Bank to refinance its loans which could lead to some criticism that it technically criticism that it technically breaches the principle that IBRD loans cannot be rescheduled. "I think we have to live with this suspicion. These are countries which at some point were creditworthy for World Bark."

A provocative television series has found a new audience, reports Colina Macdougall gives them.

Zhang Möngshu argued in the China Cultural Gazette last month that China needs a secular renaissance like that of Europe in the leth century to rid it of the semi-religious political concepts of unchangeable dogma and mystery of government passed on from imperial times. Both writers, like the TV series, steer carefully around open criticism of the present system, but the meaning is not in doubt.

Others have taken up the crisis theme. Hus Chaoming in the China Daily criticised the parpetual tendency of Chinese propaganda to overstate the good and ignore the bad pointing to the fact that China has doubled its GNP in the past 10 years, but is still

HINESE viewers are still reeling from the shock of a devastating six-part TV series, shown not once but twice during the summer, which proclaimed China's process continues. much-vaunted ancient culture as moribund and unable to face the challenge offered by modernisation.

modernisation.

The programmes have sparked a renewed if still low-key discussion in the media on how to amend Chinese politics and Communist Party shortcomings. These topics were discussed vigorously in 1936 but the debate was muchael early last year when quashed early last year when Hu Yaobang, identified in China with the liberal cause, was sacked from his job as was sacked from his job as party general secretary. Since then, China's intellectuals, who at that point were becoming increasingly vocal, have played little obvious part in the reform. Many economists have been relegated to the sidelines and political theorists silenced.

China wastes its talented people, Ln Yi of the liberal Shanghai paper World Roo-nomic Herald said recently, implementing the reform is like "groping the way across the river." The TV series reportedly focused on the nature of Chinese culture today, and found a mixture of violence, ignorance, resignation and conservatism. In the final episode, the authors virtually wrote off as wasted all the years since China's "May 4" protest movement of 1919 — more than the lifetime of the implementing the reform is - more than the lifetime of the Chinese Communist Party – suggesting that little had changed since. As for China's intellectuals, it commented that "economic impoverishment and spiritual repression and manipulation are still part

rists silenced.

of their daily lot." Most interesting was the fact that the programmes conveyed

leave refuge

A POTENTIAL diplomatic

incident between Washington and Pretoria came to a low-key

conclusion yesterday when

three anti-apartheld activists who sought refuge in the US

consulate in Johannesburg last month walked out and the police made no effort to detain

Mr Murphy Morobe and Mr Mohammed Valil of the United Democratic Front and Mr Vusi

Khanyile of the National Edu-

cation Crisis Committee were

all detained without trial

all detained without trial under the emergency regulations but escaped from hospital to draw attention to the fate of bundreds of other activists still in detention.

The three falled to attract the publicity generated in 1984 when a group of Indian activists holed up in the British consulate in Durban.

This was partly because Pre-toria undertook not to re-ar-rest them, and partly because the US consulate barred access to the press. The three decided

to leave the premises after

receiving a message from Mr Nelson Mandela, the jalled African National Congress

• Mr F W de Klerk, the minister responsible for sport, yesterday called rugby leaders into his office to underline the

Government's anger over last weekend's controversial bid by the South African Rugby Royal to white current

Board to enlist support from the ANC for its re-entry into international sport.

Meanwhile, ANC and South

S African

dissidents

By Anthony Robinson

in Johannesburg



Hn (left), seen as a liberal, was sacked as general secretary in a year of Deng-inspired reforms.

these thoughts right into the homes of citizens who probably do not even read the People Daily, China's top official newspaper, let alone the academic papers which later car-ried press debate. Even China's intellectuals, who make up the chief constituency for political reform, do not generally believe that the masses are ready for intelligent political

Since Hn's political demise, real political and cultural reform, such as the new debate seems to call for, has been a non-subject, though structural change — chiefly the separa-tion of the party from management - is supposed to be under way. However, in recent months officialdom has been preoccupied with inflation and attendant problems so even that reform, unpopular in any case with the many mid-level officials certain to lose out, is making little progress.
Yet the TV series, Heshang
(River Elegy), must have been

approved at the highest level to get its repeat showing. Or, as several analysts think, it may simply have slipped past the leadership because the vast problems of managing China's ongoing economic reform may have reduced decision-making to a state of near-paralysis. On its most obvious level, River Elegy reportedly makes the case for China's move towards a more open society and stronger foreign links. Pos-iting a crisis in the traditional

ining a crisis in the traditional inward-looking farming-based culture, it seeks to discard it in favour of the outgoing attitudes proposed by Deng Kiaoping, the supreme leader, and Zhao Ziyang, his protegé. But at a deeper level it attacks the irrationality and conservatism of party policy as symbolised by revered cultural objects like the dragon king of the river waters and the Great Wall.

One of the biggest deceptions Chinese practise on themselves, the series implies, is to blame the western onslaught on China in the 19th century for all the country's wees since then. Instead of taking a self-critical look at the national culture and trying to amend it. Chinese take refuge in reflecting on the glories of the

The most optimistic programme of the series shows the key party meetings of 1979 and 1987 where Deng and Zhao boosted the reform policies, but the cyclical nature of Chinese politics and the ever-mesent threat of a new clampdown is symbolised throughout by the unpredictable and destructive flooding of the Yellow River.

Other writers have now cau-tiously taken up these and sim-ilar themes. China still suffers from fendal autocracy, wrote Bao Xingjian, a social scientist, in the Bulletin of Theoretical Study in July. Currently still almost mediaeval, he added, the Chinese have no real sense of democracy and many offi-cials exploit the power this

Australian deficit better than expected

By Chris Sherwell in Sydney

AUSTRALIA yesterday reported a better-than-expected current account deficit of A\$990m (£458m) for September, but the figure lifted the total for the first quarter of the financial year to an uncumfortable A\$3.540m.

This is more than \$65.00m. This is more than 40 per cent

of the full-year forecast of A\$9.5bn made in the August budget, and quickly prompted opposition predictions that the target would not be met. But Mr Paul Keating, the Treasurer, and Senator Peter Walsh, the Finance Minister, Weish, the Finance Minister, both said they felt it was still achievable, and the financial markets, which had expected a figure of A\$1.2bn-A\$1.4bn, were relieved that the poor figures of the first two months of the financial year were not

repeated.
On the foreign exchanges, the Australian dollar finished at 61.1 on a trade-weighted basis (May 1970=100), up from 60.6 on Tuesday, interest rates eased on the money market. A breakdown of the figures showed the main source of improvement came in visible trade, and in particular imports, which on a seasonally adjusted basis fell 6 per cent

compared to August.

The first-quarter total is nevertheless running A\$450m higher than for the same period last year, underscoring the fact that Australia's batance of payments deficit, with its associated foreign debt, remains its number one economic proble

Although the opposition is forecasting an inevitable adjustment in the Government's economic policy, Mr Keating yesterday expressed his continued satisfaction with prevailing fiscal and monetary policy settings, ruled out an economic statement next May and stood by his promises of tax cuts from July 1 as a

Korea pullout urged North Korea said yesterday that US troops and nuclear weapons must be withdrawn from South Korea to eliminate the danger of war on the Kor-ean peninsula, an official report said, AP reports from

Tokyo.

Mr Kim Yong Sun, vice chairman of the North Korsan.

National Peace Committee, and any summit between the two Koreas "must adopt a non-aggression declaration above all, and deal with such issues as [whether] to establish a confederal government of a unified state on condition of north and the south as they are, or to organise a committee for peaceful reunification to realise it."

Vietnam ventures Vietnam has licensed nearly 30 joint ventures since it adopted a liberal foreign investment

code almost 10 months ago, the official Vietnam News Agency said, AP reports from Bangkok. Foreign partners are providing \$100m of the combined initial capital of more than \$115m in the reseture than \$115m in the ventures. The report said Soviet companies were involved, but others include Australia, Belgium, Britain and India. Lebanese pound The Lebanese pound lost 8 per cent of its value against the dollar yesterday as Lebanon's despening political crists panicked the market, Reuter reports from Beirut. At midday the central bank closed the nound at 58%512 to the dollar

The Government fours that the trip will "send the wrong signals" to the Syrian regime at a time when Britain is mak-ing obvious — if so far not

Talks simed at restoring full diplomatic relations between Britain and Iran are making slow progress despite an agreement in principle between Sir Geoffrey Howe, the British Foreign Secretary, and Mr Ali Akbar Velayati, Iran's Foreign Minister, to

MPs' trip to Syria upsets UK

China has doubled its GNP in the past 10 years, but is still leaing ground when compared with other nations. There is also a moral crisis in the country as greed and corruption become commonplace, said Wang Runsheng of the Academy of Social Sciences.

Lack of a sense of crisis makes the Chinese "blindly arrogant," said Li Ming, a researcher from the Ministry of Civil Affairs.

Perhaps most daring, Yn Wujin in the People's Daily criticised the subordination of the individual to "the masses," remarked on China's prefer-

remarked on China's preference for foreign ideologies which did the same (he pointed to Stalinism) and implicitly stacked Mao's concept of the

good citizen as a cog in the

been as bold as the young group of authors of the TV series, or is likely to have the

series, or is likely to have the same impact. But the rebirth of any debate is a hopeful sign. Even if tempted by its current problems with the economy, the leadership would find it almost impossible to stuff the genie of reform back into its bottle.

None of these writers has

By Andrew Gowers, Middle East Editor

Damascus yesterday for a week-long visit which has unbarrassed and irritated the British Government as it holds out against pressure to restore relations with Syris.

However, the Foreign Office has been urging the MPs — most of whom have long-standing connections with the Arab world — not to go, and last week took the unusual step of publicly dissociating itself from the visit.

Iran's Foreign Minister, to return to full ties three weeks

outstanding debt, there is little incentive to consider resched-

FOUR British MPs flew to

The four - Mr Robert Adley and Mr Robert Hicks (Conser-vative) and Mr Andrew Faulds and Mr Stuart Randall (Labour) – hope to meet Mr Furosq al-Sharas, the Syrisu Foreign Minister, and possibly President Hafes al-Assad. Their talks will cover a range of issues including Anglo-Syr-ian relations and the prospects for the release of Western hostages held in Lebanon.

cisting itself from the visit.

Britain broke off diplomatic relations with Syria in October 1886 after a London court heard evidence of official Syrian involvement in a plot to blow up an Israeli airliner at Heathrow airport. Mr Assad has consistently denied involvement, but Britain has stood alone among Western countries in refusing to contemplate renewing ties until Syria takes steps to dissociate itself from terrorism.

wholly successful - efforts to improve relations with fram.

HK brain drain

ture virtually paralysed.

A group of US businessmen in Hong Kong called on China to help ease a brain drain from the British colony, which returns to Chinese rule in 1997, Reuter removes fees Hong returns to Chinese rule in 1997, Reuter reports from Hong Kong. Mr Stephen Hunt, vice-president of the American Chamber of Commerce in Hong Kong, told reporters the delegation had recommended that China endorse international coverants on human rights to covenants on human rights to help reassure people in the col-

day the central bank closed the pound at 508/512 to the dollar, compared with 470/474 on Tuesday. Anxious Lebanese rushed to buy dollars after Parliament failed to elect a successor for House speaker Mr Hussein Husseini, leaving the legislatime virtually naralysed.

China inflation

Retail prices in China in the first nine months of 1968 were 16 per cent over the same 1987 period and the highest increase since 1949, Reuter reports from Peking.

Hirohito worsens

Emperor Hirolito's condition men, one that makes them accept further austerity. The second factor is external and it relates to the price of oil. A few dollars on the price of a barrel would make all the difference.



rockets on Kabul, killing nine people, Reuter reports from Islamahad.

The official Kabul Radio said the central committee of the party, while discussing the

security of the capital, just after the official Soviet Kabul radio.

from its secretariat.

The radio gave no reason for the action. However, it said details of the proceedings of the committee plennm, chaired by President Najibullah, would be published later.

The announcement came

One rocket hit a house near to the Kabul airport. It killed nine people, wounded 18 and destroyed or damaged a number of houses, according to

Jordan moves to halt currency slide

By Our Foreign Staff

dinar since the currency was partially floated last Saturday, by telling commercial banks and money changers to deal close to its posted exchange

African soccer representatives yesterday pledged to work towards the long-term goal of getting South African soccer back into the world arena, Reuter reports from Lusaka. In the short term, they agreed to strengthen efforts to isolate "racist sport" by opposing tours of South Africa by soccer teams that contravened the existing international sports boycott of the country.

JORDAN'S Central Bank of 443 to 445 fils to the dollar yesterday sought to halt a and with free-market rates of sharp slide in the value of the well over 500 fils on Tuesday. There are 1,000 fils to a Jordamian dinar. The move to reintroduce sta-

bility to the market followed a fall which has wiped 15 per cent off the dinar's value against the dollar since the central Bank moved to align its exchange rates more closely with the free market last Saturday. The dinar has fallen further against European curren-

Although banks were yesterday complying with the Cen-tral Bank's instructions, traders were uncertain how long the calm would last. The currency's slide follows mounting pressure on the dinar on the free market as a result of declining foreign currency reserves and a stub-bornly high public-sector defi-cit. It was fuelled by political worries and this week by spec-

World bankers hold fire on riot-hit Algeria's credit standing

By Francis Ghilès

THE devastation wrought by a week of bloody riots in Algiers and other Algerian towns has tarnished the reputation of sta-bility which the country has enjoyed among international bankers since it started borrowing abroad in the early

However, bankers do not seem in a hurry to reassess the credit rating of North Africa's largest horrower until they see what effect the disturbances have on the standing of Presihave on the standing of Presi-dent Chadli Bendjedid. By amouncing that he would seek popular endorsement through two referendums for changes to the constitution, Mr Chadli appears to have regained the political initiative.

In the past few years, many banks have reduced their lendbanks have reduced their lending to Algerian borrowers because of the collapse in the price of oil. Oil, gas and condensate exports account for over 95 per cent of the country's foreign earnings, and President Chadli referred in a recent speech to the high cost of servicing Algeria's foreign debt. By the end of this year the debt will probably have declined from \$22.5bn to \$20.7bn, largely because of the \$20.70n, largely because of the rise of the US dollar. Algerian bankers have rigidly honoured heavy debt repayment schedules by cutting imports which in turn helped spark the recent riots. As its foreign income declined

from \$13bn in 1985 to an esti-mated \$3bn this year Algeria trimmed imports from \$8.8bn three years ago to \$6.4bn in 1987 and an estimated \$8.2bn this year.

this year.

The current account which recorded a \$3.1bn deficit in 1986 was in balance last year and is expected to show a small deficit in 1988. Meanwhile debt repayments have cost \$5.2bn this year and last, \$3.6bn of which are accounted for by principal repayments. Hard currency reserves bave declined from \$1.6bn at the end of last year to \$1.06bn in July — excluding 5.6m ounces of - excluding 5.6m ounces of Algerian bankers are

\$3.5bn this year in new loans, nearly \$1bn of it from the commercial banking sector, which accounts for a third of the accounts for a third of the country's overall debt, and \$300m from the World Bank. Loans from the World Bank are currently being stepped up hot considerable uncertainty surrounds the attitude of commercial banks, especially if the price of oil stays at current lev-

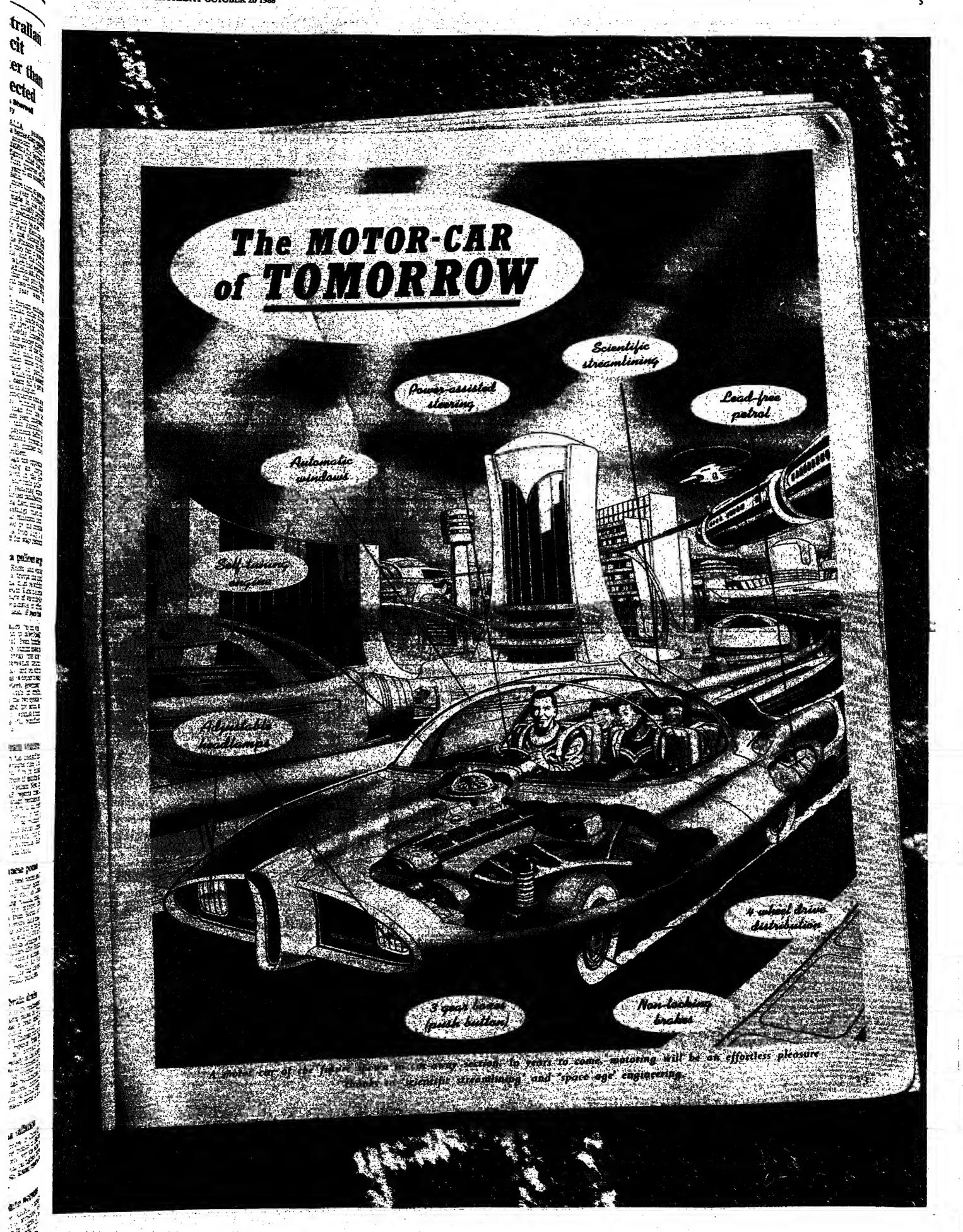
Two groups of banks which have strongly supported Algeria will play an influential role in the months ahead. French banks are bound to be mindful of the risks of a possi-ble spillover to France – with its thousands of Algerisu migrant workers – of troubles

in Algeria, as indeed the US banks are with regard to If Sonatrach, the Algerian oil If Sonatrach, the Algerian oil and gas monopoly, settles its long-running dispute over gas prices with France without acrimony, the French Government is widely expected to offer support for the balance of payments, probably in the form of prets du Tresor on concessionary terms. Similar loans have been a long-standing feahave been a long-standing fea-ture of French relations with neighbouring Morocco and

It is worth noting that Algeria has not drawn any monies from a FFr3bn (£280m) package of loans, some offered on concessionary terms, which

Mr Abdellaziz Khellef, its Min-ister of Finance, signed with his French counterpart 18 months ago.
Japanese banks for their part have a long record of lending to Algeria. This year alone lending from public and private Japanese institutions stands at between \$800m and

uling.
Such a possibility has always been ruled out by Algerian leaders, so attached are they to their image de marque as responsible members of the international community. Two factors will, however, determine what happens on this front in 1969. The first is internal and centres on whether President Chadli succeeds in presenting a convincing pack-Another potential source of funds could be the International Monetary Fund but so far Algeria has never even drawn upon its SDR185m (£244m) reserve tranche, let alone asked for a larger facility. If Algeria succeeds, next year, in raising sufficient commercial funds abroad to repay the principal amount on its President Chadli succeeds in presenting a convincing package of reforms to his countrymen, one thet makes them accept further austerity. The second factor is external and it relates to the price of oil. A few deliant on the wice of a heavy



Back in 1981, our designers had a vision of the car of the future.

A car which would boast an array of features straight from the pages of a 1950s' science fiction annual.

Seven years on, the future has become the present. And we have built that car. The new Vauxhall Cavalier.

IN THE BEGINNING.

We began by utilising the most sophisticated technological hardware we could lay our hands on.

The Cray Supercomputer, the same computer ... that helped perfect the Airbus and guide 'Stars and Stripes' to victory in the 1987 America's Cup.

When we designed the body of the Cavalier, we asked the computer to solve 4.8 million separate, complex equations. It set about the task at the rate of 11,429 per second.

And we finished with a body whose drag co-efficient of a mere 0.29 is unbeatable in its class.

THE BREAKTHROUGHS.

We have modified and improved the Cavalier engines throughout the range.

Nowhere more so than on the 2.0 litre fuel-injected model, where we have installed the Bosch ML4 Motronic Control system.
Using an on-board micro-

computer, it continually analyses and monitors all of the engine's vital

functions, keeping the car in perfect tune, all of the time. Remarkably, this allows the Cavalier to marry miserly

fuel consumption with astounding performance.

The SRi for example can go from 0-62 mph in 9.5 seconds, has a top speed of 128 mph yet still manages to squeeze out 47 mpg at a steady 56 mph.

Allied to this, servicing times are lower than its major rivals.

The 1.6 for example needs only 75.6 hours of routine maintenance over a

36,000 mile or 2 year period (whichever comes first).

And in these environmentally aware days all Cavaliers are capable of running on both unleaded, and leaded fuel.

TRANSMISSION.

Should you choose a manual car, every model comes with a 5-speed gearbox as standard.

And for the 4-speed automatic we have developed our most advanced transmission

At the touch of a button you can completely change the character of the car.

system ever.

The 'Winter' setting for instance is designed to provide smoother and safer starts in snow and ice.

It automatically pulls away in 3rd gear, which helps eliminate wheelspin.

'Economy' will give you the most fuel-efficient ride.

And 'Power' allows the engine to rev higher in each gear giving you really punchy acceleration.

FOUR-WHEEL DRIVE.

The new Cavalier range even has a four-wheel drive model.

The benefit of four-wheel drive is greater traction. The beauty of our system is that it decides exactly how much you need.

Take a run at a steep hill covered in ice or snow and you get power to all four wheels.

Brake hard and it automatically disengages from 4WD to 2WD.

This gives you the advantage of maximum stability, even under extreme braking conditions.

ROADHOLDING.

We have fine-tuned the suspension system on all our models, making the new Cavalier handle even better than its predecessor.

And for the 4WD model, we've also developed a

new independent rear suspension unit.

Based on the widely acclaimed Advanced Chassis Technology used in the Carlton and Senator, the new system for the Cavalier will give you superb roadholding in all conditions.

In an emergency, its greater stability will help steer you in a

this system with ABS as an option on every model, including the 1.4.

In the new Cavalier, you'll be as comfortable behind the wheel as the car is on the road.

We've improved the design and appearance of the instrument panel.

The Hatchback boasts more leg-room than its competitors, and both Saloon and Hatch also have a larger boot with a more convenient low loading height.

Electric windows, where fitted, are equipped with an anti-pinch sensor which actually retracts the window at the slightest resistance, thus preventing even the littlest of fingers from being trapped.

There is a new ventilation system

which will defrost the entire windscreen quicker than any
of its rivals. Even at -20°C.

All models from L upwards are fitted with a sunroof and a powerful six-speaker security-coded stereo system.

And on 2.0 litre models we've included power steering and disc brakes all-round as standard.

SECURITY.

Should this make the Cavalier just a little too desirable for its own good, we've designed Deadlocks, a revolutionary new central locking system for the L model upwards.

This automatically disconnects the locking buttons, which in turn keeps the doors locked even from the inside should the windows be smashed.

THE RESULT.

We have created the most advanced car in its class on the road today.

But however much we blind you with science and statistics, the only way you can truly experience the new Cavalier is to test drive one yourself.

For its story is one that cannot be told using words alone. For more information ring 0800 555 000.

THE NEW CAVALIER.

THE FUTURE. NOW.

Y VAUXHALL. ONCE DRIVEN, FOREVER SMITTEN.

VALIXHALL IS BACKED BY THE WORLDWIDE RESOURCES OF GENERAL MOTORS, CAVALIER PRICES START AT \$7,889, CAR SHOWN BY MAIN PICTURE: CAVALIER 201 CD SALDON, PRICE \$12,394 CORRECT AT TIME OF GOING TO PRESS, INCLUDES CAR TAX AND VAT BUT EXCLUDES DELIVERY, INCRESS, INCLUDES CAR TAX AND VAT BUT EXCLUDES DELIVERY, INCRESS, INCLUDES CAR TAX AND VAT BUT EXCLUDES DELIVERY, INCRESS, INCLUDES CAR TAX AND VAT BUT EXCLUDES DELIVERY, INCRESS, INCLUDES CAR TAX AND VAT BUT EXCLUDES DELIVERY, INCRESS, INCLUDES CAR TAX AND VAT BUT EXCLUDES DELIVERY, INCRESS, INCLUDES CAR TAX AND VAT BUT EXCLUDES DELIVERY, INCRESS, INCLUDES CAR TAX AND VAT BUT EXCLUDES DELIVERY, INCRESS, INCLUDES CAR TAX AND VAT BUT EXCLUDES DELIVERY, INCRESS, INCLUDES CAR TAX AND VAT BUT EXCLUDES DELIVERY, INCRESS, INCLUDES CAR TAX AND VAT BUT EXCLUDES DELIVERY, INCRESS, INCLUDES CAR TAX AND VAT BUT EXCLUDES DELIVERY, INCRESS, INCLUDES CAR TAX AND VAT BUT EXCLUDES DELIVERY, INCRESS, INCLUDES CAR TAX AND VAT BUT EXCLUDES DELIVERY, INCRESS, INCLUDES CAR TAX AND VAT BUT EXCLUDES DELIVERY.

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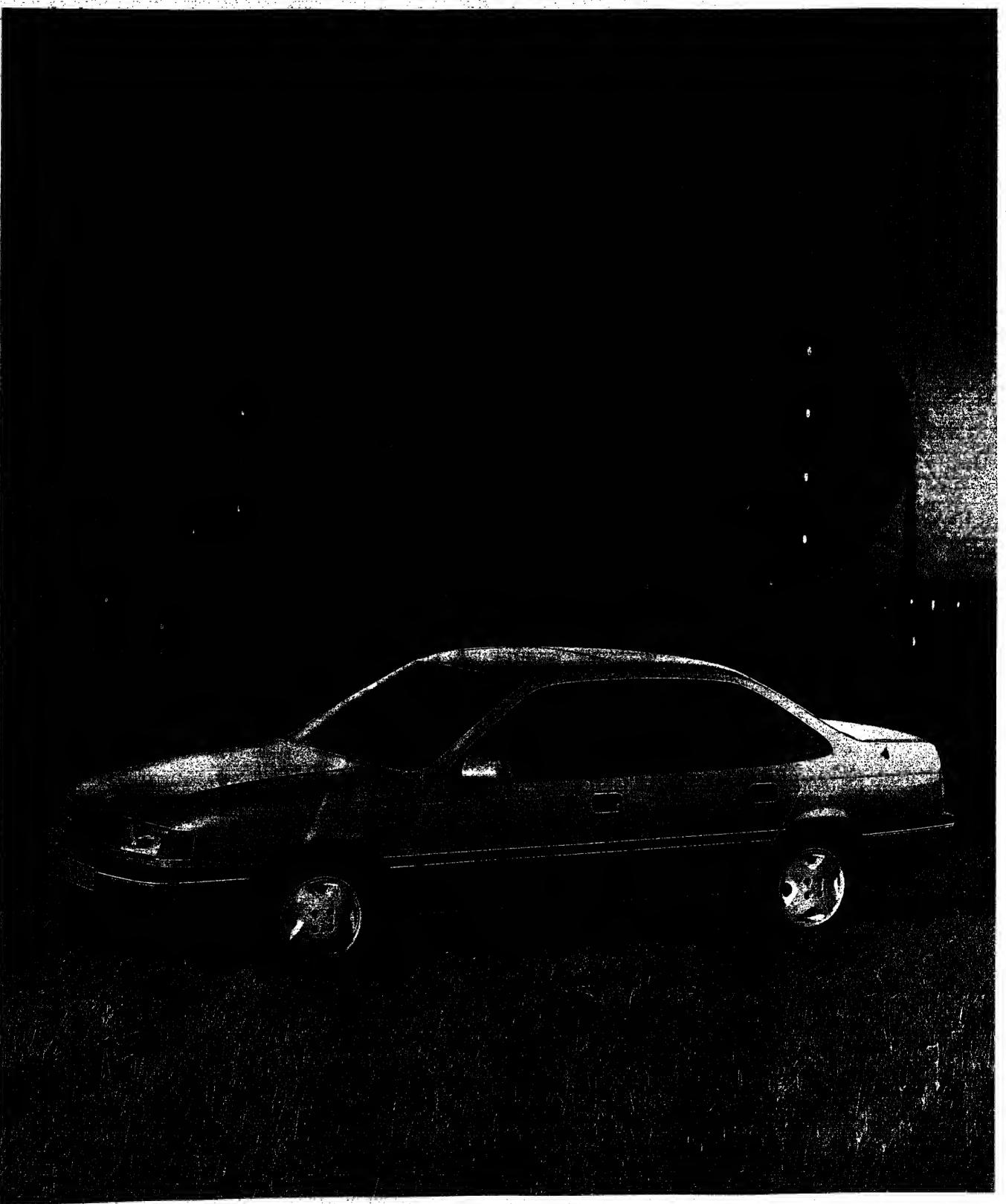
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AND METALLIC PAINT SHOWN, DOT FUEL CONSUMPTION FIGURES: CAVALIER 2.0 SRI MPG (LITRES/100KM), URBAN CYCLE 28.0 (LOLL), CONSTANT 56 MPH 47.1 (6.0) AND CONSTANT 75 MPH 38.2 (7.4). LOAD CAPACITY CALCULATED USING THE VDA METHOD. ALL OTHER FIGURES MANUFACTURER'S DATA.

AMERICAN NEWS

Britain cool on **Argentine offer** of Falkland talks

By Robert Graham, Latin America Editor

reacted warily to suggestions from Argentina that the time was ripe to establish a proper dialogue between the two

Mr Dante Caputo, the Argentine Foreign Minister, interviewed on British television on Tuesday, said Argentina was willing to begin a dialogue without pre-conditions". Since the 1982 Falklands conflict, Argentina has insisted that any discussions with Britain on normalising relations must contain at least a formal reference to Buenos Aires' claim of sovereignty to the islands.

"I think that we have enough common history, both countries, and if we start a dialogue - without preconditions - just the dialogue, this is going to be very important..."
Mr Caputo said.

Although the Argentine Government has hinted in recent wooks that it was preparing a

BRITISH officials yesterday more flexible position, officials at the Foreign Office are still waiting for concrete evidence Hence the coolness of their reaction to Mr Caputo's comments. "Sovereignty is not for discussion," a spokesman said.

This underlines Britain's unwillingness to accept any formula which might permit Argentina to raise the soverignty issue at a subsequent date. The 1984 diplomatic talks at Berne broke down over the raising of the sovereignty

The spokesman added: "If Argentina genuinely wishes to improve relations with Britain, she could do so by responding to the large number of British proposals already on President Alfonsin's table."

Mr Caputo's offer comes in advance of the annual United Nations debate on the Falklands. He is currently President of the General Assembly.

democratically elected succes-

sor, 61 years after the last opportunity for such political

His speech abstained from

reference to recent political

clashes between himself and the opposition Peronist presi-dential candidate, Mr Carlos

Mr Alfonsin recently

suggested Mr Menem was a "frivolous" candidate, and broadly hinted that the "seri-

ons" candidate for the presi-

Menem.

Alfonsín confirms May date for presidential poll

By Gary Mead in Buenos Aires

only to be deposed by a mili-tary junts in 1955. Mr Alfonsin described the PRESIDENT Raúl Alfonsin has confirmed that Argentina will go to the polls on May 14 1989 to elect a new president. The newly-elected head of governforthcoming elections as marking "a new victory for democ-racy", adding that nothing gave him greater satisfaction ment will take office on December 10 the same year. The announcement, delivthan to hand over office to a

cred in a brief national address on radio and television, ends recent speculation that the President's Radical Party may have sooght to advance or delay elections in order to enhance its own chances of

President Alfonsin pointed out that his announcement marks two important records. It is the first time since 1961 that an Argentine president has called elections, and he will be the first democratically-elected president to hand over the reins of office to an elected successor since Marcelo de Alvear in 1928.

Gen Juan Perón called elections 37 years ago, and won,

Mexico faces **\$6bn loan** repayments next year

By Richard Johns in

MEXICO faces the prospect of having to repay loans worth about 35bn next year but of the total \$4.5bn are due to multilateral agencies and could be quickly replaced by fresh credit, according to senior offi-

They say that the \$3.5bn bridging credit being made available by the US Treasury and Federal Reserve could be utilised to help the government and private sector fulfil their repayment obligations even though drawing upon it is con-tingent on specific agreements with the World Bank and other aid donors.

The government here contin-ues to play down suggestions that a sharp drop in reserves, believed to be down to \$10bn, prompted negotiations for the unprecedentedly large US bridging losn. Indeed officials are saying it may not be neces-sary to draw down on the \$3.5m facility, adding that on no account will Mexico conclude a new deal with the International Monetary Fund.

"We still do not know if it's going to be necessary to use the loan or not," Mr Gustavo Petricioli, the Minister of Finance, commented on Tues-day. He explained that President Miguel de la Madrid wanted the funds "to have resources on hand to use at a given time in the future."

On the question of the IMF - a very sensitive issue with the opposition - Mr Petricioli insisted that there were "definitely no negotiations under way between this organisation and Mexico".

The US Treasury and the Fed have been attacked in the Chamber of Deputies for offering a loan facility which is a breach of legislation limiting the amount of new external financing in 1988 to \$2.35n. But the deal has been welcomed by the business community as a means of ensuring the stability of the foreign exchange market and creating a climate of cut-tainty prior to the governmental transition.

dency is his own, Radical Party, choice, Mr Eduardo Meanwhile, a further deterioration in Mexico's trade figures With just over seven months to go, the Peronists are riding high in local opinion polis. are shown in the latest statistics released by the Ministry of Programming and Budget.

A deficit in serious analysis

Cerrent

136

155

Nancy Dunne finds the candidates vague on trade matters

US DEFICITS (She)

125

91

97

115

Source: Institute of Inter-

Through business-labour-

government co-operation in rebuilding the US industrial

base, he promises to "make America number one again." He attacks the Resgan Admin-

istration for ignoring "the

istration for ignoring the unfair practices of our trade rivals", and says "reckless fiscal policies drove up the value of the dollar, pricing our expects out of foreign markets and flooding America with cheep imports."

Mr Bart Fisher, a Washing-ton attorney and one of several advising Mr Dukakis on trade,

says accelerating foreign

investment has become "an issue that plays" because it centres on loss of American

A recent survey found that

78 per cent of Americans want

to limit foreign investment while 40 per cent would like it

banned entirely.

national Economics

1989

1990

1991

1992

LTHOUGH the dollar devaluation has A devaluation has reversed the menacing free fall in the US trade posi-tion, the merchandise trade deficit is now running at almost \$140bn a year. If, as seems likely, there is no improvement in the budget definit, projections show a sharply rising current accounts deficit after next year, higher interest rates and inflation.

rates and inflation.

Adding to this depressing picture, the international trading system has been shaken by mounting protectionism and uncertainty over the future of the General Agreement on Tariffs and Trade. With determined leadership Gutt memmined leadership, Gatt members may just muster the political will to reinvigorate the institution and modernise the rules of the game. Then again, they may not, in which case many analysts believe that the world trading system will break up into trading blocs linked by bilateral and regional

pacts. The two presidential candidates have only addressed these dangers in the vaguest of terms. The complexities of trade and investment are not ideal subjects for the 30-second TV advertisements and twominute TV news stories which seem to form the knowledge

base of most American voters. Still searching for a winning message and a strategy to counter Vice-President George Bush's flag-waving appeals, Gov Michael Dukakis, the Democratic candidate, is promoting a populist "economic patriotism" in the hope of attracting votes in regions where factory jobs have been

The draft report says the US now relies on foreign resources for "critical components of our weapon systems." It says the industrial policy council should be headed by the President's national security advisor and that the Defence Secretary should be made a member of the Rossawy Policy Council.

ket access upon resisting nations. He will, at the same oppose foreign investment, in speech after speech he denounces the Reagan fiscal time, have to win concess time, have to win concessions in Gatt on trade in agriculture, services, and high technology—sectors in which US products can still be competitive.

The oratorical flights of the two candidates occasionally policies for permitting "2 fire sale" of American assets. He promises not to "settle for a future where our children work for foreign owners, pay rent to foreign owners, and owe their future to foreign touch earth at converging

points. Both men acknowledge the necessity of reducing the budget deficit if the trade Since the Administration has created the illusion that the imbalance is to show further current prosperity can be sus-tained with only moderate improvement. They promise to work towards Gett reform and mid-course corrections, the governor's message has gone mostly unheaded. The Vice-President promises "laser-like" retaliation on unfair trade complaints and see education and job training see education and job training programmes as a starting point in improving the quality of American products.

Both men say they are not protectionists, but Mr Dukakis talks of giving abort-term (flve-year) relief white US industries retool. Both promise an impressed emphasis. On condemns his opponent's speeches on foreign investment as "demagoguery" (somewhat tronically, considering the disan increased emphasis on research and development, which Mr Bush would fund

torting campaign he, himself, has waged on the crime issue). The foreign investment issue illustrates the particularly precarious position the next Presidest will have to maintain on trade. If he is to seek liberaliestrace. If he is to seek interaction on investment rules in Gatt, he must somehow restrain Congress, which is bound to try to pass legislation to mention more closely invest-

money on environment
Although both candidates
swear they will be "tough" on
trade, Mr Len Santos, the former Republican staff director
of the Senate Finance Commit-The new trade bill requires the President to become more While Mr Dukskis does not confrontational in facing mar-

US CAMPAIGN '88 THE ISSUES: TRADE

tee, says "you really can't tell what these people are going to do" because ultimately it will come to "the pushing and shoving" of opposing US inter-ests in each case for protection. He points out that President Reagan adopted the rhetoric of a free trader, while granting more protection than any previous Administration. Trade vious Administration. Trade disputes are most likely in the areas of services, intellectual property rights and investment. These will be even more intractable because there are no international rules and in retailiste, the US would be violating Control

retaliste, the US would be vio-lating Gett.

Mr Stephen Cohen, professor of international relations at American University, sees an expansion of government in-dustry efforts along the line of Sematech, the semiconductor consortium supported by Pen-tagon funds. Such programmes could operate in the areas of machine tools, advanced super computers, telecommunica-tions and advanced high tech-

nology. He says that no matter who wins the election, the US is facing "a monstrous problem" in moving toward trade belance equilibrium. To do so, the US will need a stronger industrial sector, and that is unlikely to be achieved without more gor-

Pentagon seeks closer links with industry

ment flows.

The Defence Science Board, a Pentagon advisory group, has recommended the formation of an "industrial policy council" promoting classe the between the Defence Department and industry to help stem the "apparent loss of leadership" in key US defence industries, Namey Durine reports from Washington.

through a resurrected tax credit and a cut in capital

gains taxes - a pledge which strains credibility considering his other promises to cut the deficit, maintain defence-spending, and spend more

Dukakis launches fight to get back into the race

By Stewart Fleming, US Editor, in Washington

GOVERNOR Michael Dukakis, facing humiliation next month unless he can turn the tide, has began to fight back, ridicaling Vice President Goorge Basis as the man "with fings and ballooms, but no convictions, no ideas and as

After a disastrous performance in last week's producted delasts — ruleing the possibility of a landaride for hir Bush — many commendators have argued that his lookership qualities and lift the sairity of his demonstrate his lookership qualities and lift the sairity of his demonstrated and lift the spirits of his de

In Michigan on Tanaday he hagen to

do this, responding while conviction to the should of encouragement from an extended interview on AHC's Teighton the New York Thans reported: "He Back the Heat programme, an opportunity like Deknikls land the smile of a thirsty must smidenly landed a cool drink."

Just have long a read the Governor must travel to get back into the race was underneased perterbay by a Hands pall showing Mr Hand's lead jamping them 2 point had now.

Mr Daknik more place to spend the fortunes to a 2 point lead now.

Mr Daknik more places to spend the fortunes to a 2 point lead now.

Mr Back also is give an extended interview on AHC's Teighther programme, an opportunity Mr Back turned down.

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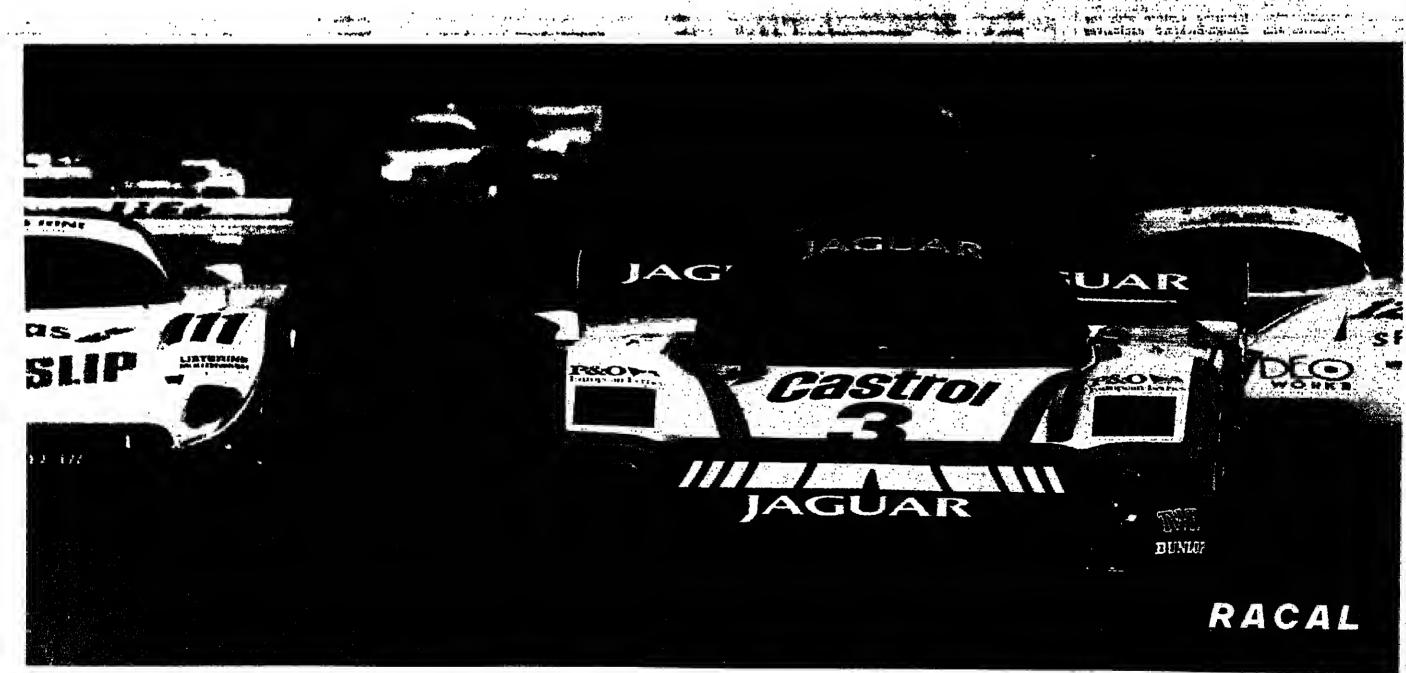
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At the Back comp, forting their big them rependent to the programme, an opportunity Mr Back the programme, an opportunity Mr Back the programme, an opportunity Mr Back the mailence of their programme, an opportunity Mr Back the programme, an opportunity Mr Back the programme, an opportunity Mr Back the mailence of their programme, an opportunity Mr Back the mailence of their programme, an opportunity Mr Back the mailence of their programme, an opportunity Mr Back the mailence of their programme, an opportunity Mr Back the programme, an opportunity Mr Back the mailence, an opportunity Mr Back the programme, an opport

lican Seunte leadership. But campaign officials were quoted yesterday as saying that it is "at least a week premature" for a decision to be made that Mr Rush can afford to combine campaigning for hard-pressed Republican Seunte candidates with his own hid for the Width Masses. White House.

White House.

In his appearances this week, Mr
Bosh has moderated his criticism of Mr
Dukakis, trying to appear more presidential sand to blant the criticism of
him as an overwhelmingly negative condidate. But his campaign commercials have continued to exceriate Mr Debakis, particularly on defeace.



BECAUSE BETTER COMMUNICATIONS NETWORKS HELP KEEP YOUR BUSINESS IN FRONT.

Moscow plans review of joint venture rules

By Quentin Peel in Helsinki THE SOVIET UNION is undertaking a wide review of its regulations affecting foreign investments in joint ventures, including guaranteed profit remittance and management

control, a top Soviet trade offi-cial said yesterday. Complaints from potential and existing foreign partners and existing noteign partners about the operating conditions for joint ventures, has prompted the refhink. So far, 110 such joint ventures have been agreed with foreign partners since January, 1987, but only a few are in operation.

"Wa are in the process of considering all the suppositions

considering all the suggestions we have been given by differcountries," Mr Yuri Znamen-ski, first deputy chairman of the State Foreign Economic Commission, said after a semi-nar in Helsinki.

He promised a decision by early next year on proposed special economic zones to attract foreign investors to the

Mr Znamenski said the zones would be divided into four categories - industrial, commercial, trade and economic depending on whether they were aimed at manufacturing industry, trading ventures, or financial operations.

confirm reports in Moscow that the Soviet authorities would allow foreign pariners to own
allow foreign pariners to own
80 per cent of joint ventures in
future, instead of the current
49 per cent, and that finey
would be able to appoint a foreign chief executive or general

Other Soviet officials said that several drafts of the proposed new foreign investment regulations were circulating and that it would be months, rather than weeks" before a final decision was taken.

However, they insisted that existing joint ventures would be allowed to incorporate any changes in their own agree-ments by mutual consent. Mr. Znamenski, who is responsible for joint ventures, said the main focus of Soviet

attempts to reduce the coun-try's import dependence and raise the level of technology in the Soviet economy, affected key areas. They included:

They included:

• the proportion of capital provided by each partner;

• management control (with the two top jobs currently reserved for Soviet officials);

• insuring the security of raw material and equipment supplies from other Soviet courses;

• guarantees of the transfer nancial operations. — guarantees of the transfer Mr Znamenski refused to of profits.

End to EC steel import curbs urged

rande productiva de la completa de la representa de la completa de la completa de la completa de la completa d En partir de la completa de la productiva de la completa de la completa de la completa de la completa de la co

By Nick Garnett

THE phasing out of restrictions on steel imports into the European Community and a relaxation of price coutrols on some imported steel is being sought by the British Iron and Steel Consumers'

the British Trade and Industry Department calling for their progressive relaxation or abolition while accepting that controls or dumped or subsidised imports should remain.

Steel imports into the EC accounted for 12.2 per cent of the 106m townes of steel used in the Community last year, a fall in import penetration from the 12.9 per cent recorded 10 years earlier.

The document from the

years earlier.

The document from the council, which represents many of the big steel users in the UE, says the restrictions harm European manufacturing industry in general and the long-term health of the EC steel industry itself.

It says import controls restrict access to Community seather access to Community steel users of potentially low-cost steel sources, raise users and consumers' production costs, which harms potential

costs, which harms potential economic growth, and reduce hers to restructure.

Oiling the wheels of business with Iran Scheherazade Daneshku looks at postwar Tehran's growing use of countertrade

THE message from Tehran to companies keen to do business during the reconstruction period is clear: "You buy from us and we'll buy from you". Countertrade has long been an important factor in dealing

with Iran, but analysts have reported increased activity in the past few months. The coun-Council.
The council has written to tertrade manager of a leading London clearing bank, for example, confirmed that Iran is the European Commission and the British Trade and Industry particularly receptive to those suppliers proposing counter-trade packages. Such trade has drawbacks for Iran's business partners. It

can be a lengthy, cumbersome, and uncertain process and many businessmen baulk at the idea of payment in the goods offered by Iran. This explains why, as Dr Paul McDonald, a London-based oil male trained and a constant and the content of the cont analyst points out, concluded

deals form only a fraction of those discussed. 'Nevertheless, countertrade does hold its attractions. According to Mr Matthias Rapp of Straits Petroleum, many suppliers regard countertrade as providing the best security on offer, and preferable to han's 390 day usance letters of credit. The risk here would appear to be more political than financial, since Iran has a good record in honouring its

way of capturing a share of the Iranian market. For Iran, countertrade is an important means of diversify ing its trade partners and boosting non-oil exports. In all, Iran has about 20 bilateral trade pacts with a range of countries, including large

key, Pakistan and Brazil.

At the moment, the low price of oil is playing its part by pushing Iran to look for long-term advantages. A countertrade deal is attractive because it locks countries into accepting Iranian oil for a

Needless to say, low oil prices mean that Iran will be strapped for cash this year. Iran is 90 per cent reliant on ofl but according to Mr Mehdi Varzi of Kleinwort Grieveson, it will be lucky to receive \$88 this year - a drop of \$1bn from last year. So until Irancan sell its oil easily and at high prices, the pressure will be on to get rid of crude what-

ever the cost. Estimates of the percentage of oil exports tied up in countertrade deals vary greatly.

According to Mr Rapp, it accounts for roughly 50 percent if Iran's re-import of refined products for crube

Iranian Exports 1987-88 (\$m) Pistachio nuts and ker Fresh and dried fruit Hides Dried and fresh dates countertrade deals with Tur-Total agriculture!

> is probably too low.
>
> Unsurprisingly, the National Iranian Oil Ministry continues to oppose the inefficient business of oil barter deals, preferring to be in charge of a crude-for-cash transaction. However, since Iran needs to buy on credit oil provides the only credit, oil provides the only form of collateral available. As such, countertrade provides a means of financing large proexport the output to third

Carpets and handicrafts

The best known example of this is the deal with Japan for the \$770m Mobarakeh steel complex near Isfahan. Japan's Kobe Steel is accepting 50 per cent compensation with crude oil in return for the construction materials.

Similar countertrade deals

Iran is also showing keen interest in buyback agreements, whereby suppliers of capital plant or equipment agree to be paid in the prod-ucts manufactured. Mr Behzad Nabavi, Iran's Heavy Indus-tries Minister, has even invited Western companies to use fra-nian factories and labour and

34.00

Sweden's Volvo is manufacturing trucks in Iran for export, but most buyback deals at present are with East Euro-

pean countries.
The Eastern Bloc now accounts for as much as one-third of Iran's trade and has the added attraction as a trade partner of agreeing to Iranian pressure to take back 20-30 per cent in non-oil products.

not, however, solely consigned to the East European market. Last year West Germany accomised for 35 per cent of Iran's total non-oil exports, a sizeable portion being in the form of Persian carpets.

Though most businessmer may hesitate at the idea of receiving Iranian melons or four-wheel drive vehicles as payment, there is great poten-tial in the non-oil market. The

tial in the non-oil market. The foreign exchange allocation for industry is far below the amount needed, with the result that priority is being given to boosting industrial exports.

Despite the ceasefire in the Gulf war, another important market for gunnilizary needed. market for suppliers remains in the military-related field. Iran's spiritual leader, Ayatollah Khomeini, has called defence-related expansion one of the "primary objectives of

reconstruction. This comes as no surprise to Western analysts. According to Mr Francis Tusa of the Royal United Services Institute, Iran's annual defence imports of up to \$2bn can be expected to increase in the future, though big weapons purchases are unlikely for the time being. But with the pressure of war off, Iran is enjoying greater bargaining power. It is negotiating a countertrade deal for apons with China. In the st, China would accept only

Royal Ordnance in Brazilian agreement

By Lynton McLain

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ROYAL ORDNANCE, owned by British Aerospace, the UK's largest manufacturing company, has signed a joint ven-ture agreement with Britanite of Brazil, the biggest maker of civilian explosives in Latin

The aim is to establish an indigenous Brazilian guided missile industry using UK

rocket motor technology.

The announcement yesterday of the Brazilian joint venture comes just days after Royal Ordnance amounced the end of production at the UK's only gun and rocket propellant plant, at Bishopton, Scotland. Royal Ordnance already has a joint venture manufacturing agreement for explosives with a US company and is consider-

ing joint ventures and possible production of rocket motors with companies in Chile, as a way of developing its business in overseas markets.

Royal Ordnance and Britanite formed the Britanite-Ordnance company last month to "take full advantage of Brazil's growing guided weapon and space programme", said Royal Ordnance, which hopes to sell rocket motor technology and explosives for warheads to Bra-

zil through the joint company. Royal Ordnance signed its first overseas manufacturing agreement four months ago — the formation of North American Explosives, a joint manufacturing venture with the Ensign-Bickford explosives company of Connecticut.

with S Korean motor group

RENAULT, the Freuch state-owned car group, is hold-ing preliminary talks with Dong A Motor, a subsidiary of the South Korean Sangyong industrial conglomerate, over a big joint car assembly project in South Korea involving the production of 300,000 cars a year and total investments of about FFr20bn (£1.9bn), writes Paul Betts in Paris. . .

The French car group would not comment yesterday.

Although the contacts between Renault and Dong-A Motor are understood to be only at an initial stage, the project if it goes ahead is likely to be a significant development for the car industry as a whole. It would mark the first big link between a South Korean

motor group and a large Euro-pean car maker and would make Dong-A Motor the country's fourth largest car pro-

Renault in talks | World trade up 5% this year, Gatt reports

THE growth of world trade has accelerated to an annual average of 5 per cent this year, according to a new Gatt report. Last year's growth was about 4 per cent, AP reports from Geneva.

The report, compiled by the Secretariat of the General Agreement on Tariffs and Trade, also forecast global eco-nomic growth at 3.5 per cent

It noted that the improvement was marked, although many developing countries continued to have balance of payments problems and diffi-culties in servicing their foreign debts and although uncer-tainties about interest rate trends and commodity prices

The report said exports were picking up again in a number of heavily indebted countries and there was generally greater exchange stability.

EC tries to allay Gatt fears over single market

By William Duilforce in Geneva

THE European Community of Gatt rules is still being yesterday sought to allay its trading partners' fears that it would adopt protectionist attitudes towards the rest of the would to the understand the united digital and the arms. world in its move towards a single internal market after

But, Mr Tran Van Thinh, head of the EC mission to the General Agreement on Tariffs and Trade (Gatt), pointed out the Community would go its own way in sectors where Gatt's current Uruguay Round did not result in multilateral

Trade in services, including banking and insurance, is one area in which the introduction

Several countries, including the US, Japan and Australia, voiced doubts about the consequences for trade of the EC's move towards a single market Gatt's council yesterday debated its latest secretariat report on trading system devel-opments. It listed over 200 export restraint arrangements currently in force, in contradic-

Most protect the EC market or a member state. The EC and US account for just over three quarters of the measures listed.

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There are times you need a partner, not a promise.

Future of Belfast shipyard | Lawson emerges from his dark summer in doubt as bid talks fail

THE FUTURE of the state-owned Harland and Wolff shipyard in Belfast was in doubt last night after the collapse of privatisation talks between the Government and Mr Ravi Tikkoo, the Indian-

born entrepreneur.
Tikkoo Cruise Line (TCL), Bahamas-registered company controlled by Mr Tikkoo, had been offered the yard for a nominal sum as part of the Government's withdrawal from public ownership in Northern Ireland

The Government offered to write off more than \$500m in accumulated losses, and would have provided £70m in subsi-dies towards a \$500m cruise ship, the Ultimate Dream, which Mr Tikkoo wanted to build in Belfast.

However, Mr Tikkoo "did not feet able to proceed on the basis proposed," Mr Tom King,

the Northern Ireland Secre tary, said yesterday. Officials said Mr Tikkoo had never been regarded as a serious bidder. Mr Tikkoo said it was "a matter of deep regret" that "the terms the Government offered for the acquisition of

the yard did not, in our view, provide a reasonable prospect for long-term viability."

TCL said it intended to go ahead with the construction of the Ultimate Dream, which would be the world's biggest cruise ship. The ship could still be built in Belfast if another ivate sector buyer emerged,

the company said.

Harland and Wolff said it was "determined to fight on."

The board said it remained supportive of the Government's privatisation proposals provided the yard could be re-

The only known bidder is Seaway's Engineering, a small company which wants to build semi-submersible oil rigs. Seaway's has no shipyard experi-ence and is believed to lack firm financial backing.

The Institute of Production

Control has declared an interest in the yard as a possible site for the construction of a large craise ship, but is thought to have been discour-aged by Harland's manage-

The collapse of Mr Fikkoo's bid was greeted with gloom in East Belfast, where Harland employs 3,800 workers, currently being reduced by 550.

Trade union leaders and Unionist politicans, those who oppose independence from the UK, accused the Government of disinvesting from Northern Ireland

Mr Pat McCartan, head of an all Northern Ireland union body set up to fight privatisa-tion, said "Harland and Wolff will now end up cutting and bending steel, which any Third World country can do."

Mr Joe Bowers, vice-president of the Confederation of Shipbuilding and Engineering Unions, accused the Govern-ment of destroying attempts to build the Ultimate Dream in favour of narrow dogmatic objectives. He accused the Northern ireland office of not offering the normal support and guarantees to Mr Tikoo. of Harland and Wolff, earlier this year emphasised the importance to the Northern land economy of the ship-

yard.

"We have to think in terms of the 630 local businesses we do businesse with and some 1200 UK suppliers," he said.

Mr Peter Robinson MP, deopty leader of the Democratic Uniomist Party which represents many working class Protestant voters in East Belfast, has been opposed to Government plans for privatisation of the shipyard from the beginning.

There are clear aigns that as part of its political with-drawal, the Government is also

Teath.

The PZ Consortium, one of three bidders for North East Shipbuilders (NESL), British Shipbuilders' Sunderland subsidiary, yesterday claimed to have lined up an order from an unnamed shipowner for a eries of bulk carriers or con-

tainer ships. Mr Brian Hesketh, the consortium's spokesman, said the order could be signed within two weeks of PZ acquiring the yard, and work would start

within three months.

British Shipbuilders is evaluating four hids for NESL, and is expected to decide shortly whether to recommend one to the Government.
A report from the Trade
Union Studies Information

Unit claimed yesterday the clo-sure of the yard would cost the Government 2800m in redundancy pay and unemployment benefit, compared to around \$40m in subsidies to keep it

Simon Holberton anticipates an upbeat assessment of the economy

The dark days of sumhe dark days of sum-mer, which seemed to bring an endless series of interest rate rises, have given over to a seemingly benign autumn. With bank base rates at 12

per cent, the pound strong but stable, the markets appear to have accepted the Treasury's current policy stance with relative calm.

It is, however, an uneasy calm. So far there has been littie focusing on the extent of the adjustment necessary to bring the UK economy back into balance.

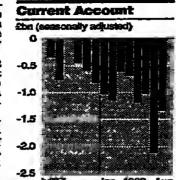
Mr Nigel Lawson, Chancellor of the Exchequer, is expected to deliver an upbeat assessment of the economy tonight when he goes to the City of London to give his annual address on economic policy at the Mansion House.
He is expected to restate the

Government's commitment to fighting inflation and down-play the significance of the trade deficit. His confidence over the trade deficit is not one which is uni-versally shared in the City of

The economic adjustment will have to be huge if Britain is to stop running trade deficits equal to 3 per cent of national income a year - a level few major countries, with the nota-ble exception of the US, have been able to sustain for very

long.
The current strength of the British economy has been recently underlined by figures showing that industrial production is growing by an underlying annual rate of 7 per

Retail sales, a good indicator of consumers' demand, is also relatively buoyant - on a



year-on-year basis sales are 6 per cent higher than a year ago – although recent figures may indicate the glimmarings of a slowdown. However, the Treasury is looking for more than hints of a slowdown.
Officials concede it will take

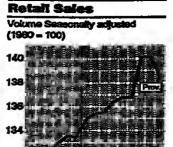
time before sure evidence of a slowdown becomes clear and they restate the Chancellor's belief that interest rates at their current level should be

with us for some time.

Despite the Chancellor's claim that the trade deficit is of little concern, his policy is directed squarely at containing and reducing it as much as it is at the control of inflation.

The scale of the task of ensuring a slow down in the economy is, however, consider-

Consumers in Britain, be they individuals spending or companies investing, will have to cut by more than half the rate at which they go on con-suming simply to hold the trade deficit at its current rate of £13bn plus a year. Over the past year the UK



has crammed two normal years of growth in one.

A much slower growth in demestic demand – the sum of what consumers, companies and the government demands. from the economy - will be needed to reverse the decline in Britain's trade and to with-draw the threat of rising infla-

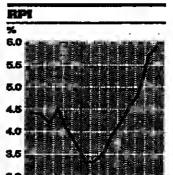
Jan 1988 Sec

These estimates may be conservative, however. Goldman Sachs, for instance, says that with Britain's domestic demand growing at a rate of around 7 per cent a year if growth in demand were to halve overnight the UK would still be left with a current account trade deficit equal to it current level of 3 to 4 per cent

It will take one year of demand falling by 1 per cent to eradicate the deficit, or four years of growth around 2 per cent a year clear the slate, Coldman Sachs calculates.

This analysis is based on an estimate of how fast Britain can grow without inflation

can grow without inflation accelerating or trade dipping into the red.



It assumes that the UK economy can expand by around 3 per cent a year without either of these happening once the trade position is closer to bal-

Jul 27 Jan 1988 Sec

The Treasury is relying on the fact that there has been a transformation in Britain's

underlying economic performance during the 1980s.

Many analysts believe that Britain is capable of much higher growth rates than it experienced during the 1970 and early 1980s, although not much better than the UK achieved in the 1960s.

The Bank of England helieves the UK economy's pro-ductive potential is of the order of 3 per cent a year, the Tressury is of a similar view. Both the Organisation of Economic Co-operation and Development and the International Monetary Fund have also revised up their estimates of UK productive potential to rates close to 3 per cent a year. Phillips & Drew, the analysts, recently published a study of the UK's potential pro-ductive ability and concluded

Total manufacturing industries Average 1985 - 100

that Britain was capable of long-term non-inflationary growth of 3% to 4 per cent, in

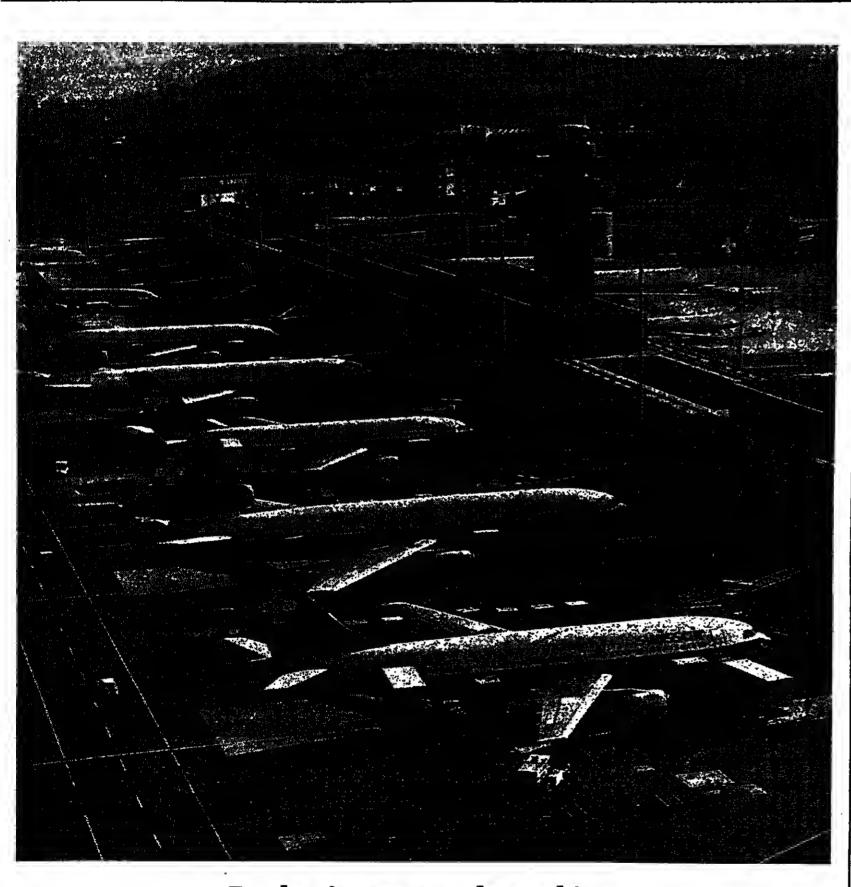
growth of 3% to 4 per cent, in the non-oil economy.

According to the Mr Mark Brown, author of the P&D study, there has been a significant change in the productivity of British manufacturing and services during the 1980s compared with earlier periods.

He estimates that the underlying transferment in total faclying trend growth in total factor productivity during the 1980s has been around 3 per

To this is added the growth in capital stock and labour which combined give a boost to potential output of 0.7 per cent. If the P&O analysis is correct then it bodes well for the Trea-

in the short term, however, the Government still faces a delicate problem of how to slow the economy while at the same time setting interest rates at a level which will not crush growth altogether, but which remain high enough to encourage the foreign



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the choice of three classes on all its aircraft - unique in Europe.

London and Moscow in joint van venture

By Kevin Done

THE SOVIET Union and the UK have reached agreement on a major automotive venture in which the UK will design and develop a light commercial vehicle for manufacture in the

The project is expected to generate design engineering and plant and equipment orders to UK and continental European companies worth as

The so-called KIAZ van project is expected to be unwelled today at the signing of a trade credit protocol between the UK and the Soviet Union worth

It is understood that the first contract, worth about 129m, has been awarded to Interna-tional Automotive Design of the UK, the largest European automotive design and engineering consultancy, based in

Worthing.
The first stage of the financing package for the project, with backing from the Export Credits Guarantee Department (ECGD), is due to be signed

today.

The financing will be led by Bank of Scotland together with Moscow Narodny Bank, London-based Soviet bank, and several other partners includ-ing Morgan Grenfell and some of the UK clearing banks.

It is understood that the commercial vehicle project will involve the production of a 3.5 tonne panel van at a new plant to be built at Kirovahad, some 200 miles from Baku in Azerbaijan. Motor show report, Page 12

London life merger plan is approved

By Nick Bunker

THE meeting to decide the future of London Life, one of the UK's oldest minimal insurers, came close to collapsing in turnoul yesterday after scores of angry policyholders were unable to gain admission at its initial venue, a cinema in London's Barbican Centre.

Late yesterday, after adjourning the meeting to the Cafe Royal, London Life amounced that on a card vote policyholders had approved its plan for a merger with Australian Mutual Provident by 164,767 votes to 29,237.

Earlier, a show of hands had approved the resolution by only 170 votes to 165. The card vote, representing an 85 per cent majority in favour, was comfortably greater than the 75 per cent required. Technically, the vote was an enabling measure allowing London Life to change its articles to permit the merger with AMP, Australiasia's biggest life insurer, which has to be approved by a High Court judge after a hearing in December.

Some policyholders com-

ing in December.
Some policyholders complained about lack of informa

Agreement near in talks on public spending

By Peter Riddell, Political Editor

ONLY a couple of public planned for 1989-90. expenditure programmes remain to be agreed following remain to be agreed following considerable progress during the past week in talks between the Tressury and other Whitehall departments about next year's plans.

The financial gap is not believed to be large, with overall expenditure likely to be after the part of the state of t

52hm to 53hm at most, above child the £167km total previously roads

said to be very close over the defence budget which will involve an increase above existing plans. The remaining defence issues are expected to be sorted out within the next few days.

The main ouistanding differ-ences concern provision for child benefit and for new

BUDGET BEATER -A CAR CONTRACT HIRE SCHEME THAT DOESN'T GIVE THE CHANCELLOR THE LAST WORD



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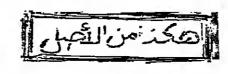
It wasn't simply a matter of life or death. It was more important than that.

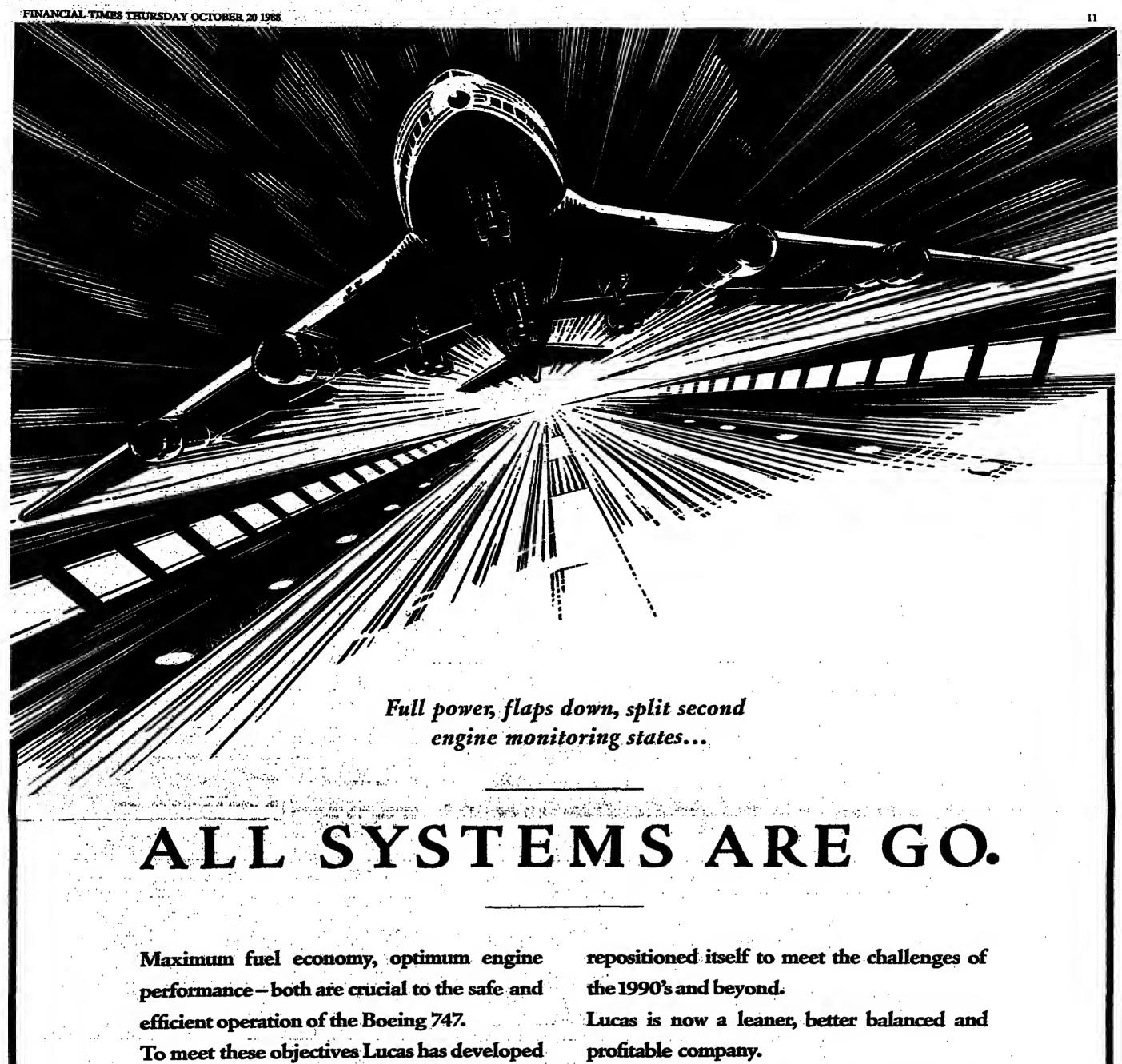
The first highland malt whisky in Scotland to be given a producers licence under the 1823 Act was The Glealivet? Rival whisky makers were so lealous that they threatened to barn The Glenlivet Distillers

So tt was guarded night and day by George Smith, The Glenliver's founder, with a brace of pistols

case of The Glenlivet?







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UK NEWS

Top three securities firms gain business in year after crash

THE THREE largest securities firms in the UK, based on the former leading jobbers, have increased their market share

since the stock market crash in October last year.

This conclusion is based in part on a confidential survey of 126 of the largest institutional investment managers, carried out by Greenwich Associates. out by Greenwich Associates,

The Government has also said that the method of financ-US research company. Warburg Securities - the ing the planned fifth television channel should be decided by the winner of the franchise. Advertisers had assumed that Warburg Securities - the result of a merger between the broking firm Rowe and Pitman with jobbers Akroyd & Smithers - was rated as one of the best three market-making firms in domestic securities by 68 per cent of institutions. the channel, covering up to 70
per cent of the UK population,
would be funded by advertising
funded and would introduce real competition into the sell-ing of television advertising Smith New Court has a rat-

Smith New Court has a rating of 65 per cent and Barclays de Zoste Wedd 52 per cent.

The ratings reflect the proportion of business the institutions have been placing with the securities firms, a proportion which has risen since the lest Generates business the securities. Supporters of subscription television have, however, kept alive subscription at least as an option for the financing of

All these firms have built up

their market-making arms

good Bishop and more recently, Wood Mackenzie.

It achieved a rating of only 8 per cent, along with Chase

from scratch

The policy could have serilast Grenwich survey. ous implications for British Satellite Broadcasting and Mr Rupert Murdoch's Sky Televi-sion both of which are plan-. The losers in terms of com-mission income among the larger securities houses have been Cazenove, County Nat-West Securities, incorporating Wood Mackenzie, and Morgan ning subscription satellite film

An over-the-air subscription The other firms with high ratings were Phillips and Drew, owned by the Union Bank of Switzerland, with 42 channel similiar to the success-ful Canal Plus in France could be a serious rival to such satellite services per cent, Hoare Govett with 21

Channel 4 may also feel it has won a victory when the white paper is published. The continuation of the channel's financial link with ITV has survived, at least as an option worth consideration. Channel 4's airtime would,

the fifth channel.

not be able to control an ITV company and the maximum

permissable stake is expected to be around 25 per cent.

dent Broadcasting Author-

some concentration may be allowed, that a single company

may be able to own more than one franchise and that a dis-

tinction will be drawn between

ownership and regional broad-casting obligations.

Continuation of regionally-made programmes will be encouraged whoever wins the tenders for the eight-year con-

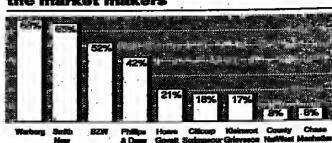
The new authority will decide on the permissible con-

centration of ownership although it will be required to prevent undue concentration. Thames Television, for instance, would not be allowed to swallow up all the small

tracts

regional ITV companies. Some ministers fear the however, be sold separately to introduce an element of compe-tition. At the moment the ITV envisaged provisions against concentration of ownership may not be strong enough and that more precise limits should be spelled out at this stage. The white paper will, howcompanies sell their own and Channel 4's airtime and fund both Channel 4 and the Welsh cross-media ownership. Owners of national newspapers will channel with an annual subscription based on 17 per cent of net advertising revenue. Fourth Channel with an

How UK Investment Institutions rank the market makers



Manhattan Securities.

Another upset is the absence from the ratings of Morgan Grenfell Securities, which acquired the jobbing firm Pin-

The other large firm which fails to appear is CI-Alexanders, Laing and Cruickshank.

Byidence of the changes in market share is also partlybased on information concer ing the revenue sources of the larger broking firms.

The research was conducted in the spring and suggests that

five firms suffered a fall in commission income of about 20 per cent more than the average fall over the 12 months since early 1987.

per cent, Citicorp Scrimgeour Vickers with 18 per cent and Kleinwort Grieveson with 17 Some of the smaller stock-broking firms have suffered even more severe losses. The five firms are Cazenove which suffered the largest The biggest upset is the low rating given to County Nat-West Woodmac, which acquired the jobbing farm Ris-

fall in market share although its main business is in corpo-rate finance rather than agency broking - Hoare Govett, Citicorp Scrimgeour Vickers, Morgan Grenfell and County NatWest, including Wood Mackenzie

James Capel, the only large securities firm to decide

against a move into equity market-making after deregulation in 1986, remains the firm with the largest market share of agency business.

But it has also suffered an erosion of that position with a fall in commission income relation to the commission income relation to the commission income relation to the commission.

tive to its competitors' average of nearly 10 per cent over the

The most dramatic gains in market share over the period have been by three foreign securities firms: Nomura of Japan; Morgan Stanley of the US: and Goldman Sachs of the

But these firms all had extremely low or negligible market shares in 1987.

The larger firms which have gained market share over the year from a much higher base have been Kleinwort Grieve-

son, Smith New Court and Barclays de Zoete Wedd. Phillips and Drew securities firm has also made a gain in

the last year.
Warburg Securities, the other leading firm in the UK market, has maintained its position as the third-largest commission earner without gaining or losing.

HAVE YOU CHECKED STOCK MARKET CONDITIONS LATELY?

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As you can see, things are looking good on quite a number of fronts.

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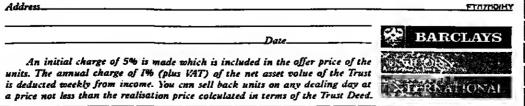
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BIRMINGHAM INTERNATIONAL MOTOR SHOW

AWD truck group plans European distribution

UK COMMERCIAL vehicle maker AWD, formerly Bedford Truck and Bus, is setting up a European distribution network in preparation for the launch of its trucks on the European Continent starting next year, John Griffiths writes.

It is also developing a range of heavy tractor units in the 38-44 tonnes sector aimed at capturing premium truck business from companies such as Daimler Benz and Volvo.

These will be ready for the market by the end of next year, according to Mr David J.B. Brown, AWD's chairman and founder who bought Bedford from General Motors in November of last year. While acknowledging the

fiercely competitive nature of European truck markets, Mr Brown claimed that AWD market penetration would be based on engineering innovation and quality.

While not elaborating in detail, Mr Brown indicated that electronics and sophisticated drive systems could feature strongly in the trucks.

He was speaking shortly after AWD announced that it had just sold a fleet of 53 tunne payload off-highway trucks using a unique, six-wheel drive, six-wheel steer system developed by Multidrive, another Brown group subsidiary, to a Sudanese haulage contractor, HM Enterprises.

Mr Brown said AWD was also working on electronic control of steering systems for its trucks. These could include steering of the front and rear wheels in parallel, to provide much increase site manoeuvra-

. His remarks also followed on from the launch in the UK of the first of a new generation of AWD Bedford medium trucks, in the 7.5 to 17 tonne categosome of Bedford's former main-stream commercial vehicle business in the UK.

They are expected to help lift. AWD's total truck output - including military vehicles - to around 6,500 this year, However, Mr Brown made

clear yesterday that in the longer term his group is bent on becoming a much more significant force in world truck mar-

Potential Continental sales of 8,000 units a year of trucks of all typed was envisaged, matching in size AWD's sales target for the UK.

Overall, the Brown group employs 2,000, including 1,200 at the former Bedford Truck and Bus plant at Dunstable, Bedfordshire. The group is understood also to be negotia-ting the purchase from General Motors of its Luton Design Centre.

Ecosse unveils first sports car

By John Griffiths

THE FLEDGLING Ecosse Car Company unveiled its new sports car yesterday with a new chairman at the helm after the departure of former Ford of Europe president Mr

Mr Capolongo resigned in August from Ecosse, which was set up earlier this year by a group comprising mainly former Ford executiv

Mr Andrew Norton, a business development specialist with a background in the aerospace and nuclear industries has become the new chairman

7

of Ecosse, which is seeking to raise a further £650,000 to bring the plastic-bodied car, the Ecosse Signature, to the mar-

Mr David Backinsell, manag ing director and former development manager for export operations with Ford of Europe, said Mr Capolongo had resigned because of his increased business commitments in the US, but remained

basis. Most of Ecosse's other

Mr Capolongo had held the chairmanship on a part-time

requiring them to spend varying numbers of days a year on

Production of the car is being sub-contracted with Project Aerospace Developments, a Coventry-based group which has extensive car industry experience and is a supplier to

Mr Backinsell said that production would start next April, with an initial output of 150 units a year. Cars are expected to cost about £20,000.

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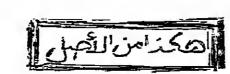
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UK NEWS

schemes agreed for urban areas

By Hazei Duffy

PRIVATE-SECTOR enterprise zones were announced yester-day by British Urban Development as the latest idea for improving Britain's urban

BUD, owned by 11 large construction, civil engineering and property development companies, was launched last spring by Mrs Margaret Thatcher.

Mr Hartley Booth, chief executive of BUD, said that he was close to according the first same

close to agreeing the first zone with Swansea city council.

It would be a 170-acre site on which the plan will be to provide a mix of housing and busi-

ness accommodation.

The Halifax and Nationwide Anglia building societies have agreed to back the housing element. ment by providing a £100m development fund over the

next three years.

The fund is expected to inject confidence into the plan, making it more likely that the projected large-scale development in the new enterprise zones will attract the required

institutional funding.

Mr Booth, former adviser to
the Prime Minister on the environment, described the plan as "a new concept in redevelop-ment which will bring together public and private funding and other resources. Enterprise zones have

always been thought of as public-sector ideas. We will be offering private enterprise

BUD will offer a package of incentives to encourage start-up businesses to locate in the areas. They will include low-priced housing, discounted prices on materials to be offered to the business owners, reduced interest rates and longer-term finance to help the company get through the critical development period.

These incentives are unlikely to compare with the ortheraptial tax advantages and

substantial tax advantages and rates holidays available in the Government's enterprise zones. However, these zones – part of the Swansea zone will be within the proposed BUD zone – have only between three and

five years to run. The BUD zones will also dif-fer in that they will include housing. This is likely to be a mix, including management-style and "social" housing, and some low-cost rented accommodation which will be financed pantly, with Uthan

Development | Nabisco to sell **UK** breakfast cereal business

NABISCO GROUP, the UK subsidiary of RJR Nabisco, the US food and tobacco company. is selling its breakfast cereal business - best known for the Shredded Wheat brand.

The UK company has decided to concentrate its ources on its biscuit, snacks and crisps business. It recently sold Bendicks, which made harury chocolates. In September-its chief executive, Mr Alistair Mitchell-Innes, left and was succeeded by Mr Alan Reeve. Nabisco Brands has been

tidying up its operations around the world, having sold Heublein, its drinks business, to Grand Metropolitan; its Canadian confectionery, mar-garine and desserts activities; and its Australian breakfast

cereals company.

Nabisco said that after "a thorough study of its cereal business," it concluded that the longer-term growth of the business could "best be assured by having it become part of an organisation with a strong commitment to the

The UK breakfast cereal

market, although growing, is intensely competitive, with Kelloggs holding a half share of the market, estimated to be worth as much as £575m a year. Nabisco is third in the market, after Weetabix in second place, and claims to have 9 per cent of the market.

As well as Shredded Wheat, Nebisco makes Shreddies.

Team and some own label cere-als. It employs 585 people. No price was put on the business, although outside observers believe that Shredded wheat has been losing market share, despite heavy advertis-ing, and that the sale price could be around £30m to £40m. Interested parties might be other UK food manufacturers

or European companies. European consumption of breakfast cereals is well below that in the UK, but eccording to market studies, is growing. It would be feasible to produce cereals in the UK for export to

Europe.
Nabisco, the largest biscuit company in the world, has an 18 per cent share of the UK biscuit market.

Ward given final appeal over £5.2m repayment

By Raymond Hughes, Law Courts Correspondent

MR TOM WARD, a US lawyer and former director of Guin-ness, has been given the chance to make a last challenge to a court ruling that he must repay \$5.2m to the com-

pany.

The Law Lords appeals committee yesterday gave Mr Ward leave to appeal to the House of Lords against the unanimous decision of three Court of Appeal judges that Guinness was entitled to immediate repayment without the case going to a full trial.

Upholding a High Court ruling in Guinness's favour, the appeal judges said in May that Mr Ward had improperly received the £5.2m "in plain disregard of his duty to the

company".

The payment, alleged by Mr Ward to have been for his services to Guinness during its takeover bid for Distillens, was takeover bid for Distillens, was not disclosed to a meeting of the full Guinness board. It had

therefore, breached both the company's articles of associa-tion and the Companies Act, the appeal court said.

The money was paid to Mr Ward via a Jersey company, Marketing and Acquisition Mr Ward contends that the

payment was properly made to m, under a contract between him and Mr Ernest Saunders, then Guinness's chairman and

Both men have been sned by Guinness for the money. The High Court has directed that the action should not come on for trial until after the criminal prosecution in which Mr Saunders and six other men face charges arising out of the Distillers takeove

A warrant has been issued for Mr Ward's arrest in connec-tion with that matter but the Serious Fraud Office has not yet started proceedings for his extradition from the US.

The court rejected claims by the Covent Garden Community Association that Westminster City Council had abused its powers when it granted plan-ning permission in principle for a scheme which the objectors claim would "devastate" one of the capital's most popu

The ruling has been keenly awaited by developers and conservationists who regard the case as a test that could affect

Appeal court

rejects plea

over opera

house plans

THE CONTROVERSIAL £100m

redevelopment scheme planned by the Royal Opera House in

London's Covent Garden came

a stage nearer yesterday after a ruling by the Court of

By Richard Evans

future planning law.

The three appeal judges,
Lord Justice Kerr, Lord Justice
Nicholis and Lord Justice Stanghton unanimously refused to overturn a High Court ruling that the council had not misused its development control powers when it have the scheme the go - ahead in June last year.
The community association

was ordered to pay the costs of the appeal, unofficially esti-mated at £40,000. Leave to appeal to the House of Lords was refused, but the associa-tion said it intended to petition

the law lords for leave.

Mr Robert Carnwath, QC, for
the association, had argued that the council's planning committee wrongly decided to approve the scheme because the commercial development would pay for improvements needed to reflect the international standing of the 130 - year old opera house. He con-tended that amounted to an "immaterial" planning coinsi-deration and the permission was therefore legally invalid.

The opera house proposed its modernisation scheme, in which 13 historic buildings and all but one facade of the listed Floral Hall make way for 225,000 square feet of offices, shops and a car park, because no Government aid or other public money was forthcoming.

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FINANCIAL TIMES

Wind and wave power unable to compete, says CEGB

Financial Times Reporter

THE CENTRAL Electricity Generating Board yesterday defended its plans to build fur-ther nuclear power stations, rather than investing equiva-lent sums of money in wind and wave nower.

and wave power.

Mr Sam Goddard, corporate director of the CEGB's system planning department, said neither technology was well emough advanced to enable it to compete with the proposed 1,200MW pressurised water reactor (PWR) nuclear plant at Hinkley Point, Somerset, in the west of England, in terms of economics or security of sup-

He was giving evidence at the Hinkley Point C public

inquiry.

The CEGB is planning to build four PWRs by the year 2000 at a total cost of £6bn. The first, Sizewell B, is already under construction on the east

coast of England. Objectors suggested during cross-examination of Mr God-dard yesterday that the GEGB had not shown enough commit-ment to exploiting the poten-tial of technologies such as wind power.

Greater investment would enable Britain to join other countries who now relied on renewable energies, to meet a significant proportion of elec-tricity demand, they suggested. Mr George Pritchard, an

HOW ARE YOU MANAGING?

independent objector who was a former director of the Greenpeace environment group, said the CEGB could obtain larger amounts of electricity in the South West of England through wind and hydro-power and barnessing the burning of

Mr Crispin Aubrey, repre-senting the Stop Hinkley Expansion, suggested that, although the CEGB claimed to consider public opinion. Its record so far was poor in regard to nuclear power.

He said wind power was now regarded as one of the most promising of the "renewable"

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Obviously something has been attracting technically advanced firms from around the world to Bavaria - Europe's premier location for high-performance companies. Consider this combination of typical strengths:

Bavaria has a strong commitment to the principle of help for self-help: Solid support for education and vocational training, R&D, technology transfer, and a variety of investment incentives.

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Bavaria is a technically advanced economy and employs one-fourth of all Germans active in electronics and electro-technology - industries such as components manufacture, telecommunications, dataprocessing, and electromedicine.

Bavaria features one of Europe's highest concentrations of user industries of advanced technology products. Leading electrical and mechanical engineers, automakers, and aerospace industries operate in Bavaria.

Bavaria employs more De people in R&D in the industrial sector than in any other state. It is the home of the world-famous Max-Planck Institute and Fraunhofer-Gesellschaft as well as many research facilities for microelectronics and biotechnology.

In Bavaria, entrepre-neurial drive and a strong work ethic are the bedrock of growing prosperity. Government, business, the labor community, and the academic world have linked resources to create an ideal environment for high-performance companies.

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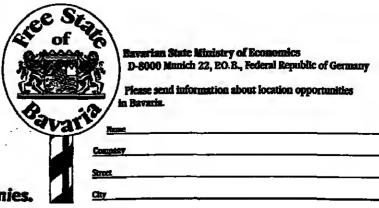
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UK shoe shops

Taking steps towards a well heeled image

Alice Rawsthorn and Maggie Urry on upmarket and middle market approaches

begun to steer McAfee into that sector of the shoe market which is attracted by younger, updated versions of the classic

styles.

Sweeney's objective is to combine McAfee's traditional standards of quality with contemporary designs—thereby appealing to a new "preppis" market of young, design-conscious professionals.

He plans to bridge the gap between the classic British shoes made by old established

In its heyday in the 1940s MicAfee sold some of the smartest shoes in London. Those were the days when Hollywood stars like James Stewart would visit its Bond Street shop to be fitted for hand-made brogues.

But McAfee failed to move with the times. A few years ago it had the same six London shops and sold to the same ageing American men who had been visiting it for years.

Last autumn Oliver Sweenery, who had joined the company "as a general dogsbody" in the early 1970s and had later become its designer, took control through a management buy-out from the member of the family who had inherited the business. He has since begun to steer McAfee into that sector of the shee market that it has been making for the woman's progues and loafers that it has been making for the woman's progues and loafers that it has been making for the industry versions of the sector of the shee marking for the woman's progues and loafers that it has been making for the same for men making for the men's brogues and loafers that it has been making for the same for men making for the same for men making for the men's brogues and loafers that it has been making for the same for men making for the men's brogues and loafers that it has been making for the same for men making for the men's brogues and loafers that it has been making for the same for men making for the men's brogues and loafers that it has been making for the same for men making for the men's brogues and loafers that it has been making for the same for men and women.

The price of McAfee shees is the same for men and women — about £95 a pair. But the collection is now composed of more contemporary versions of the men's brogues and loafers that it has been making for decades. It includes variations of traditional British shoe styles — like brognes and button boots — for women.

It still makes bespoke shoes. Sweensy drafted in Bavid Davies Associates, the design group, to design a new flagship store in Knightsbridge and to devise a corporate identity for the company.

the company.

The composition of McAfee's customer hase has changed already. A few years ago its

customers were chiefly US

customers were chiefly US tourists, whose buying power fluctuated with the fortunes of the dollar. Most of the customers are now British with a sprinkling of tourists from Japan and West Germany, as well as the US.

As a result, the customer base is more stable. Sweeney is convinced that this year — when the weak dollar has deterred US tourists from coming to London — the old McAfee would have been on the brink of bankruptcy,

instead it is poised for expansion. The next priority is to increase its wholeseling activities. At present it supplies smart London shops like Joseph and David Davies. Sweeney plans to sell to individual retailers in 40 regional centres within five years.

McAfee is also expanding overseas. Sweeney hopes to benefit from the fashion for traditional British shoes in the rest of Europe and North

sells to Italy and is appointing agents in France and Japan. In the long term he envisages that exports will provide the bulk of its business.

McAfee is still a small company - with sales of just over fixm last year — but the new strategy has already boosted sales and margins, as well as strengthening the base of the business. "There was an obytons opportunity for a shoe ous opportunity for a shoe company like this," says Swee-ney. "All we needed to do was to grasp it."

BSC decides to re-tread an old path

ow can a brand new chain of alone shops get across the idea that it has a long-standing reputation for traditional eraftmanship? Simple, for the likes of British Shoe Corporation — which can revive one of the dormant trading names retained from the era when it was buying up footwear husinesses left and

right.
Cable & Co, which is being launched with an initial 10 shops, has a logo claiming its establishment in 1901. True enough, there was such a shoe business. BSC, which is part of the more traditional qualities of good workmanship in the drawing of a Cable Shoes shop

in Dumfries, dated 1911. But
the original Cable shops
finally died the death in the
1960s when consumers were
more interested in things modern than ancient,
With 10 different trading
names in shoes already, BSC
might seem to be over-egging
it to start yet another. But
Andrew Lesile; managing
director of BSC's fashion shoe
business, which also includes
the Doicis chain, believes that
there is still a gap in the market.

the shops. And, says Lesile, there is demand for a shop offering stylish but solidly-made shoes at prices in the £30 to £40 range for women and £40 to £55 area for men.

These prices are well below those for top quality, up-market shops and necessarily Cable & Co shoes cannot offer quits the hand-made quality. However, only an expert could tell the difference from a few feet away. And Cable & Co shoes carry one or two gimmicks such as little hrass name plates on the instep of name plates on the instep of the more expensive men's

styles. The gap in the market has

much to do with the ageing population. The teenage, cheap-and-cheerful-shoe buyers have grown into 25 to 40 year old, more discerning types looking for value for money but with more money to spend, a process which has already been identified by clothing retailers.

already been identified by clathing retailers.

The shops also stock other leather goods such as gloves, bags, briefcases and even coats.

The staff in the shops are being trained in "the traditional trained in "the traditional trained in "the staff.

tional ways of couriesy and consideration". One Cable manager admits that there is a tremendous dif-

ference between the way cus-tomers will be served in the new shops compared with the standard treatment in a Dol-

The launch of Cable & Co is also a response to BSC's slip-ping market share. It is esti-mated to have had 22.8 per cent of the market in 1987, according to Verdict Research, a retail market research a retail market research group, down from 24.4 per cent three years earlier.

Lealle is hoping that the new chain will capture 1 per cent of the £3hm shoe retail market. If successful, he says, it will become a national chain with over 100 shows. over 100 shops.

Accentuating alternatives

Philip Rawstorne on the selling of Girobank

hen the news broke earlier this year that Girobenk was to be privatised, it was widely suggested that even though it had twice as many outlets as the combined total of Britain's big four clearing banks it had an inherent weakness. This was that it was housed in was that it was housed in 21,211 post offices across Britain, staffed by sub-post-masters who would be more interested in seiling birthday cards than new banking prod-

Girobank recently signed a rolling five-year contract with Post Office Counters to continue its relationship. But as tinue its relationship. But as its sals approaches — final hids are now being considered — the bank is trying to shake off the Post Office image of queues and social security payments and gain wider recognition as an alternative to the high street banks.

The Post Office is not mentioned at all in the 25m advertising campaign now running

tioned at all in the 18m advertising campaign now running on British television. The advertising — by Bartle Bogie Hegarty, which won the account in April — focuses on Girobank's "direct banking" service by telephone and mail. The inference is that no customer and mail that the contract of the contrac tomer need visit a post office, though the campaign will be

supported by promotions using post offices as shop windows for the bank's products.

The television commercials feature specific Girobank services — overdrafts, loans and mortgages — and humorously promote them by showing people using Girobank's telephone contact service to get out of contact service to get out of difficult situations or seize

opportunities. The first shows a man fixing an overdraft by telephone from a restaurant as his companion orders caviare and vintage champagne for

dinner.

All emphasise the convenience of making banking arrangements by telephone through Girobank's regional Telecare units outside normal banking hours — on Saturday mornings and up to 8 pm on weekdays.

The campaign is aimed in particular at the 21-35 age group of "financially active" heads of households in full-time employment, a prima target for new financial products. Changes in life-styles over recent years also make over recent years also make this generation the most recep-tive to the idea of direct bank-

ing.
Simon Sherwood, BBH's business development director, says that the agency's research showed that while people do

not readily change their banks, this inertia conceals growing dissatisfaction with the service of the high street banks. Their products and charges are regarded as more or less identi-cal; and visiting a bank branch is increasingly seen as a time-wasting chore.

wasting chore.

A growing number of people, the research suggested, was becoming interested in banking by telephone in the evening rather than having to visit a bank during the day. With its streamlined structure, Girobank can offer out-of-hours access to most banking services at competitive rates. The trouble is that not many people know that.

The bank was initially set up by a Labour government as a simple and cheap banking sersimple and cheap banking service for those on low incomes. Twenty years later that is how the public still generally perceives it, despite the fact that it is now the country's sixth largest bank, with 2m personal customers drawn from all social classes, a thriving corporate business, and a full range of banking services.

"Our challenge," says Sherwood, "is to make people think of Girobank as the future of banking — the bank that's most relevant to the way people live their lives today."

Rock with the Midland

THOUSANDS of young people around Britain will tomorrow night tune in to their local independent radio stations for Rockline, the live pop and phone in chat show, brought to them for the next three months

them for the next three months by. . Midland Bank.

Midland is making its first foray into commercial radio sponsorship, close on the heels of National Westminster Bank which earlier this year spon-sored the Live Action Concert series, with groups such as Sta-ins Quo, and Bros. Like Pepal Cola and Burton's

Top Shop before them, the banks are now beginning to make greater use of commercial radio to reach the 14-20 age group, the target market for new "seedcorn" bank accounts that will grow into profitable future users of a whole range

of financial services.

Midland's Rockline programmes will be distributed by satellite to 25 of the country's higgest independent radio sta-tions, including Capital, Picca-dilly in Manchester, and Radio Clyde, which claim to cover 75 per cent of the total youth andled the NatWest series with Capital Radio and Music

The programmes will be supported by a spot advertising campaign and by direct marketing to the listeners who telephone to chat to the popgroups. Calls from these fans will be logged and they will be sent free colour photographs of their idols — and a package offering other gifts when they have opened a bank account. During the last Rockline series. During the last Rockline series, calls to a toll-free number to the Bros band jammed the Bristol telephone exchange.

NatWest, which spent an estimated £500,000 on sponsor-

estmaned 2000,000 on sponsor-ship, advertising and promo-tion for its 13-week Live Action Concert campaign which ended in September, got 80,000 tele-phone responses from listen-ers. "Since we had hoped for 50,000, we consider the exercise was very definitely worthwhile," says NatWest. The Midland deal has been

arranged by PPM Radiowaves, a radio production and syndi-

Plan, the bank's arvisers.
Founded just two years ago
by Simon Cole, former programms controller for Piccadilly Radio, FPM specialises in
planning, marketing, and syndicating sponsored radio programmes.
Sponsores face fewer restric-

Sponsors face fewer restric-tions on radio than on televi-sion. And Mark Curtis, PPM's promotions manager, says many companies are now beginning to find they can make much greater marketing impact by integrating sponsor-ship, advertising and direct

marketing.
The trend seems bound to grow as new national and community radio stations raise the demand for quality pro-

"Radio is now being used much more creatively as an advertising medium," Curtis says. "It is no longer just a matter of simply mentioning

TECHNOLOGY

Alan Cane describes how British software is helping Hungarian industry to modernise

changing the minds of manufacturers

ungary has no shortage of technological heroes, including the expatriates Denis Gabor, the physicist who invented holography, and John von Neumann, the mathemati-cian responsible for much of the theoretical foundation of modern computer science.
Inside Hungary computer science

remains first class, especially in artificial intelligence. The Hungarian version of the Prolog artificial intelligence computer language is used in more than 1,000 sites outside the country ment of them in side the country, many of them in Japan and the US. Now in the drive to improve its

balance of payments through exports, Hungary is placing special emphasis on computing. Lalos Varga, head of the department for computer applications in the Hungarian Central Statistical Office. says: We believe that information technology is of primary impor-tance and that our progress depends

He explains that the Government is trying to promote the use of com-puters through a combination of education and regulatory incen-tives. These are designed to make it easier for firms to raise hard currency to buy Western equipment

and know-how.

At the moment, Hungary has 65,000 computers in use in business. Varga says that there should be double that number.

Hungary, however, is in need of curvide bein to modernise its manu-

outside help to modernise its manu-facturing industry through com-puter technology. The reason has to do with business methods rather than technology. Hungarian indus-try, after years of tightly centralised control, is beginning to feel the

pressure of market forces. With this has come a realisation of the importance of customer needs, relationships with suppliers, levels of inven-

tory and so on - unfamiliar concepts in a centralised economy. To speed up the response to mar-let conditions, Hungarian manufac-turers have to switch from out-moded batch processing methods to the more flexible on-line data processing over the next few years.

That means the use of software of a kind which Hungarian software companies have no experience of writing. It is being supplied, there fore, by a UK company, Hockyns, once a subsidiary of Martin Mar-letta of the US but now part of

The software - which will facilitate Hungary's planned industrial revolution — is called MAS-MCS (modular application system-manufacturing control system). It is being provided through a contract thought to be worth around 21m thought to be worth around kim over three years between Hoskyns and Hungary's largest computing services company, Szamalk. The deal has the backing of the Hungarian Government and the UK Department of Trade and Industry.

The agreement with Szamalk covers site licences for Videoton, Hungary's largest electronics company.

gary's largest electronies company, BHG, the second largest in electron-ics and the leader in telecommuni-cations, and Medicor, the medical

equipment group. However, there is also an understanding that the soft-ware can be copied and passed on to other manufacturing organisations

in Hungary. The UK company, which has been selling its MAS software to manufacturing companies worldwide for more than a decade, has experience both of modern manufacturing practice and of systems develop-

ment in Hungary.

Neither Hoskyns nor Szamalk believes that modernisation will be easy. Miking Havass, director of Szamalk schools the conclusions of Western consultants when he says: "It needs two or three years to con-vince a manufacturer that he has to change the way he does business. The thing that is most difficult to do is to change the way of think-

MASMCS was not the only man-ufacturing package Szamalk looked at. It also considered IBM's Copies software but rejected it on the grounds that it was an older design which was heavy on computer resources — a serious problem in Hungary which is short of modern

computer power.

As it is also short of hard currency, the decision to spend film with Hoskyns was not taken lightly,
Flexibility was a point which ranked highly with Ferenc Kis, management information services director at Videoton, Hungary's



1 Lajos Varga: "Our progress depends on information technology."

largest electronics enterprise. It largest electronics enterprise. It manufactures medium and small computers and a range of consumer products, some of them appearing on Western retailers' shelves bearing the Akai label.

He says that Videoton has to move from batch processing to an on-line system to reduce its investment to inve

ment in inventory, to improve its ability to review progress in the fac-tury and to provide better informa-tion for the sales stall.

Kis says that factory managers quickly became comfortable with the new system, helped by Hos-kyns's education programme.

Management techniquas are being revitalised in parallel with the technological improvements. For example, a new emphasis is being placed on personal incentives to improve efficiency. At Videoton, Forints 2m (about £20,000) will go to the team installing the Hoskyns software package, if they finish the work on time and to budget. Medicor has transformed itself in readiness for the new market condi-tions. It replaces that it will be one

tions. It reckons that it will be one of the first to be quoted on Rungary's new stock exchange, the first in the Eastern bloc, which is due to be created in Budapest next year.

This will enable foreign investors to own up to 100 per cent of the shares of certain Hungarian companies. The development follows changes that are already facilitating joint ventures between Hungarian and Western companies. The foreign partners can hold more than 51 per cent of the stock and hard currency

can be repatriated. Medicor is the largest supplier of hospital equipment in Hungary. It is a vertically integrated organisation supplying everything from scalpel blades to X-ray tomography (scanning) equipment.

Employing some 8,000 people, its turnover is about \$120m (£68.6m) and it is a valuable earner of hard currency for the country. Almost three quarters of its products go for export, chiefly to Africa and the Middle East. Originally a centralised monolith, it now comprises a series of inde-

pendent companies, each concentrating on its own field — X-ray equipment, field services, data processing and so on. At least 51 per cent of each of them is owned by Medicor, which remains state-owned. After the compine of the owned. After the opening of the exchange, investors will be able to buy shares in all the companies.

One subsidiary, called Medorg, used to be the management services department. It now has to offer its services in competition with other data processing firms, both within

and without Medicor, Imre Sprouz, managing director of Medorg, relishes the challenge: "Now, as an independent company, we can deal properly with market needs."

He expects annual growth of 30 per cent for the next three years, and would expect more were it not for the computer hardware shortage. At present he is using Hungari-an-built copies of obsolete Digital Equipment machinery and desperately wants models in the later Vax range, at present embargoed under US restrictions on exports of high technology goods to Communist countries

There will be restrictions on the kind of company which can be floated on the new exchange. Shares in Videoton, the country's electronics flagship, for example, are unlikely to be sold to all comers.

BHG remains a candidate. It needs the cash that could be gained from flotation to import telephone exchange equipment, as well as tak-ing advantage of the Hoskyns man-

ufacturing software.

To date BHG's growth has been derived from Crossbar products, an obsolete electro-mechanical type of telephone exchange. It wants to move to a computer-based digital switching system and is evaluating a range of foreign-designed equip-ment before deciding which technol-

ogy to license.
It will be a costly business. Gabor
Forgacs, head of management services at BHG, points out that the Government may help in raising the currency to pay for the licence and the manufacturing technology. But the condition it will lay down for that help will be substantially increased exports from the com-

Where DIY is the best way to acquire a computer

Edward Mayo looks at the difficulties facing technological enthusiasts in Czechoslovakia

CZECHOSLOVAKIA has the distinction of having one of the widest ranges of comput-ers in the world. It has over 60 different manufacturers hecause building a computer is the easiest way to get one. "Czechs are forced to impro-vise," explains Stefan Rybar,

producer of a programme about computing on Czech

"Although Western jeans are officially unavailable in Czechoslovakia, sverybody wears them. The same is true of computers - there are no computer shops, but we have

Interest in computing has received little encouragement from the Government. In their efforts to obtain precious foreign hardware and software,

computing exists.

Rybar admits, however, that
Cacchalevak computing is not
sophisticated. One of the most
advanced computers available
outside universities and research institutes is the Amstrad PCW. The Amstrad, which uses the ancient CP/M. operating system, is not, by Western standards, state-ofthe art technology. Even so, Rybar believes there are only 20 PCWs in the country.

enthusiasts have to deal with both shortsges of currency and the restrictions set up by Western governments through the Co-ordinating Committee for Multilateral Export Controls (CoCom). Revertheless computing exists.

are the most powerful personal computers which can be purchased from the West under CoCom regulations. The Acorn Archimetes, for example, is subject to incheslogy export restrictions.

Amstrads are also relatively

cheap and are supplied with all the necessary peripherals. This is significant because printers in Crechoslovakia can cost as much as two thirds of the cost of the computer.

The most popular foreign computer is the Sinclair Spectrum, which is technologically trum, which is technologically even more dated than the Amstrad. More than 100,000 are used, mostly for educa-tional purposes at home.

There are, however, a number of domestic Czechoslovak

microcomputers available in

mass production. The two most popular are the IQ 151, designed for school use, and the Siusovice which is IRM-The IQ 151 can run the Basic

computer language and a version of the Logo language with a Czech command-set (used for simple graphic applications). However, it has a meagre 32K of memory and is large, wareisable and has a tendency to complete. The Shasovice IBM-compati-

ble, typifies the somewhat haphazard approach of Czech computing. The machine was developed by an agricultural co-operative in southern Mora-via and is supplied with software for farm management. The computer costs about Korma 180,000, payable half in hard currency, and is beyond the reach of the per-sonal user or the Czech equiv-alent of small businesses. The average national monthly sal-

average national monthly sal-ary is Koruna 3,000.

The future of computing in Csechoslovakia looks bleak.

There has been little support from the Government and the country has a poor record on technology — colour television was broadcast two years before any colour sets were available. The same is true of available. The same is true of teletext at the moment and the cordless telephone is technically illegal,

Computing is also being held back by the Czechoslovakia's poor infrastructure. The telephone system is againg, and has difficulty supporting communications between remote computers using

In the West, the information In the West, the information technology revolution has changed the nature of the workforce — changing and creating losses. But the Crech workforce does not have the flexibility to deal with such changes.

changes.
It is a constitutional right, for example, not to be forced to lose or change employment. There is also little incentive to change. Computing is founder-ing on an inflexible labour sys-

However, the whole issue may one day be caught up in the politics of perestroika, bringing the hope of a shift in emphasis from quota fulfilment to productivity.

Plessey and Fisons in biosensors project

PLESSEY, the UK electronics group, and Fisons, the chemicals and pharmaceuticals manufacturer, are forming a consortium to research, make and market blosensors, a relatively new breed of detaction device based on organic rather than inorganic chemistry. Cambridge University's Institute of Biotachnology is also involved. Plessey believes such devices could command "a multi-billion pound" market in the 1990s. They would be used in cals and pharmaceuticals man-

1990s. They would be used in hand-held instruments or bench-top systems with a host of diagnostic and analytical applications in medicine and industry.

Conventional sensors use chemicals which, for example, might change electrical resis-tance when heated, or generate

a voltage if a force is applied. Blosensors, which have to be disposable (to maintain sterile conditions) and therefore cheap, are made from a semi-conductor material with a thin, biologically active film coated

on the surface.

The film is usually a protein which chemically interacts in a specific way with a blochemical present in the environment. The result is a change in the properties of the biological layer which is in turn seneed. layer which is in turn sensed by the underlying semiconduc-tor device. Possible changes range from an alteration of optical characteristics like refractive index, to an alteration of electrical resistance. The changes can then be pro-cessed electronically and dis-played.

Die Fledermaus

THEATRE ROYAL GLASGOW

Simon Callow's first British opera-house venture is a new production for Scottish Opera of *Die Fledermous*. Time and place are changed: Vienna of place are changed: Vienna of the 1870s becomes Glasgow of the late 1980s, a city of new prosperity and a newly rising fashionable ecciety high in style and dubious in morals— altogether (according to the producer) a location in which Strauss's rentier-class characters and morality might be charply and vividly re-created.

The specially commissioned translation, by the young comedy performer and writer Kit Hesketh-Harvey, changes (where necessary) names as well as places, and provides a strong infusion of local referstrong infusion of local references — every mention of Kelvinside draws friendly laughs — and local society observations. Ros and Gabriel Eisenstein (unlikely Glasgow surname) are a beau monde couple, she the editor of Heartheat magazine has a warney beat magazine, he a yuppy moneymaker who has been caught out over a epot of insider trading (rather a short prison sentence?); they live in a hi-tech flat (wittily planned, as is the whole show, by Bruno Santini) complete with signer drugs and a collection of friends whn include the acid-camp gosslp columnist

Johnny Falk.

So far so good. It is characters of this stamp, at the shady end of "good society," who provided the original with its edge of topical satire; and it is the fresh honing of that edge, almost alwaye dulled beyond recognition in the familiarly plusb, comfy-cosy big-bouse productions, that Mr Callow claims to have been his chief purpose in undertaking this modernisation – not the invention (in the words of his programme note) of "an ethnic production, a McFledermaus." But in the original, the focus

of satire was a still-cohesive imperial society, one in which a prison governor might believably go to a ball or the disguise of Hungarian countess be wit-tily donned. Writer and producer have had to work very hard indeed to come up with plansible 1988-in-Glasgow equivalents for that social cohesiveness, and on Monday it was the sense of desperate effort one recorded, far more often than the hitting of tar-

The updating devices tend to come across as strained, too obviously lacking in the won-derfully natural, inevitable farce-logic of the original; just to take the most obvious instances, the presence of an Italian tenor (here a wbolly improbable London-cockney rendition) and the dramatic function in Act 2 of Rosalinde's Czardas go for almost nothing, appears to have failed to and the transformation of achieve is the promised Frank into the visiting Swed-

Fans of Compilcité, (they seem to have dropped the "Théâtre de" bit from their mast head)

can glut themseives on this

experimental drama tronpe

over the next few months.

They are entrenched at the

Almeida Theatre in Islington

where they will be performing

twelve productions over fifteen

A minute too late, their

starter, is best suited to uncrit-

ical admirers and manic depressives. It's subject ie

death and Complicité's three

principal actors – founder Simon McBurney, along with Jos Houben and Marcello

Magni - corpse around for 75

fairly non stop minutes trying to squeeze some humour from



Robin Leggate and Gillian Sullivan

ish governor of Barlinnie (invited there by Malcolm Rif-kind – another easy laugh) has an air of five-minutes-to-midnight makeshift.

Mr Hesketh-Harvey's spoken dialogue packs in the one-liner jokes, which on opening night the cast delivered with very variable skill (the re-moulding of Frosch as Foz, punk-haired prison attendant, allowed Graprison attendant, allowed Graham de Banzie to deliver some broad Glaswegian stand-up comedy that briefly brought the show to life). But a similar treatment of the lines for singing proves sadly over-ambitions — in the libretto I read, but in the performance I entirely failed to formance I entirely failed to catch, such samples of name-and-product-dropping as espresso, sushi bars, the FT, and so on and on — while the

sung lines one does catch are more often than not thudders. Much of the evening, indeed, is heavy with the weight of damp squibs and missed opportunities. Mr Callow has marshalled his opera-house forces perfectly competently (except where - Adele's "Mein Herr Marquis" an example - he keeps his singers ineffectively far back on the stage); what he

not the most hilarious of sub-

These days Complicité go in

for verbals to flesh out their

mime, their physical outbursts

and their surreal images. Some of the material is deft, espe-

cially the opening scene set in

a cemetery where three mourn-ers get into a muddle; some is

just manic, as in a simulated

car ride in a hearse; and some

plain boring, as in the final domestic interior sketch when

inspiration seems to have

The problem is that the most

amusing itsms are also the most familiar, having been lifted from silent movies.

Surely it was Laurel and Hardy

who perfected the animated

ebbed totally away.

Complicité at the Almeida

jects.

fresh, lively account of the music. Jacek Kasprzyk, once past a stiff, driven overture, conducts a flowing account of the score, sensitive to the needs of both his cast and his producer. Young, limber leading voices have been chosen -Gillian Sullivan (returned to Britain after a too-lengthy spell in her native Australia) and the American soprano Amy Burton (British debut) as mistress and maid, both delightful singers if slightly too similar in timbre, Robin Leggate (Eisen-stein), Justin Lavender (Alfred

Luckily, all is not lost. There is, at least, the pleasure of a

Russell Smythe's Johnny Falk is elegant both in vocal line and in faintly menacing impersonation. Omar Ebrahim ioyally and skilfully under-takes Mr Hesketb-Harvey's Felix Orlofsky, a "young Russian jetsetter," but, as has been established by more than one male performer of the role the vocal writing, particularly the introductory aria, is badly constrained when the voice occupies the wrong octave.

corpse sketch while Magni has

both the advantage and the disadvantage of looking like all

of the Marx Brothers while

McBurney is a dead ringer for

At the end Complicité opts for pathos, making the progression from slapstick to heart tugging with an unsubtla crashing of gears. But when the circle is completed and

the circle is completed and

McBurney returns to the ceme-

tery as a sympathetic mourner of a finely sketched wife a level

of intensity infects the perfor-

mance that had previously been missing. Perhaps best to go for one of the shows when Complicité employs more of its forces on a happier topic.

Antony Thorncroft

Norman Wisdom.

Crass - sic!) - and they bring

a welcome note of freshness to

Max Loppert

Beethoven's Tenth

thoven. Not once, but twice, they were cheated of the chance to present to the world a Beethoven première: first, a Beethoven première: first, the composer gave away the first performance of the Ninth Symphnny elsewhere even though it rightfully belonged in London, and second, he died before finishing a later symphony he had expressly promised them.

Sketches for this opus had been made, but were believed lost until scholars identified them a few years ago. Dr

lost until scholars identified them a few years ago. Dr Barry Cooper has sewn them together into a single movement and it is easy to understand the determined pride of the Royal Philharmonic Society at being able to give this first performance of Beethoven's "Tenth" Symphony on Tuesday night, even if the première has arrived 150 years late and does not, in all truth, amount to much.

amount to much.

What we get is little more than a tit-bit from Beethoven's last supper. Dr. Cooper readily admits that none of the sketches lasts more than 20 bars and all credit must be given to him for filling them out to a movement of the out to a movement of the proper length (about 20 min-ntes). But the score never gives any impression of hav-ing grown organically from its fragmentary beginnings and consequently assumes no sense of purpose or stature.

The opening is promising. An E flat Adagio establishes a palpable feeling of "late" Beethovenian calm, a soothing and deeply-rested quality with the feel and sound of the Ninth's slow movement. (Cooper must have looked there for his instrumentation.) This music also returns at the end,

The Royal Philharmonic Society might reasonably feel some chagrin bowards Been. Not once, but twice, were cheated in the et opresent to the world thoven première: first, imposer gave away the erformance of the Ninth briny elsewhere even in it rightfully belonged idon, and second, he died finishing a later symbolic missing a later symbolic missing a later symbolic missing free from the C Minor toute which ties it down throughout. One is left with a picture of the composer enerpicture of the composer ener-getically running up and down on the spot, to no great pur-pose. This "Tenth" is a post-script to the Beethoven histo-ries, not an extra chapter. With admirable commercial foresight an LSO recording of

the work, together with explanatory talk, on the Pick-wick IMP label was already on sale at the hall. This performance, however, was given by the Royal Liverpool Philhar-monic under Walter Weller, who also accompanied Leeds prizewioner Vladimir Ovchini-kov in an admirable Liszt Second Piano Concerto, ebot through with much fantasy and delicacy on the part of the pianist.

As if all that was not as it all that was not enough, this was also planned to be the occasion when Dietrich Fischer-Dieskan received the Society's much-coveted Gold Medal after singing Mahler'e Kindertotenlieder, but the German baritone did a Beethews on those and falled the German baritone did a Beethoven on them and falled to turn up with the goods. He received the medal and a tape of the speeches at his stck-hed in Berlin, but not (as far as I could see) a recording of the Mahler sung by Jard van Nes in his place. The Society's run of bad luck has evidently not ended.

Richard Fairman

Lontano Ensemble

ST JOHN'S, SMITH SQUARE

diest annual among modern music groups. Twelve years old now, it pursues its inventive and lively goals undaunted by financial constraints or the smallness of the audiences which its more esoteric programmes frequently attract. It remains determined to be a showcase for every modern musical thing of worth. No comparable ensem-ble can boast such a varied repertoire, nor snch a long-term commitment to it. Its current season, which opened on Tuesday, is entitled

"The Electric Lontano" and consists of four Tuesday night recitals (all at St John's) mounted in collaboration with the Electro-Acoustic Music Association of Great Britain. There will be a programme of electronic or electro-acoustic works by British composers another devoted to similar works by "expatriated" com-posers living in Europe, and one featuring the music of the young Finn, Kaija Saariaho. The first concert presented what Lontano rather wishfully styled "The Transatlantics": five composers based in the USA, three of them in Boston, but none of them (except perhaps George Crumb) actually established in Europe. First came Ronald Perera's

Three Poems of Günter Grass for mezzo-soprano (Linda Hirst), tape and ensemble. The music pointed the texts with a would-be witty allusivenese (plenty of reference to jazz-cabaret and Vieunese waltz) and should have made much more of the ironic possibilities

Odaline de la Martinez's open to it. There was always, Lontano Ensemble is the hartoo, an off-putting disjunction between the relatively snave

Projectile, since it was a piece for tape alone – vivid, solid and short. And Peter Child'e Ensemblance for tape and seven instruments avoided the problem by deliberately posing electronic imitations of instrumental texture against the mental texture against the real thing, a quite fetching procedure. Nor was the purely instrumental writing — a hrightly-worked East Coast pointillism — of the concise one-movement essay without its armeal The instrumental statements

of William Albright's Sphaera for piano and computer tape (impressively performed by projectionist Alistair MacDonaid) came wrapped in a reso-nant, sympathetic electronic envelope, meant to evoke "the Platonian universe of audible hnt nanoticed planetary songs." An increasing noteynece worked against the piece's initial vigour and charm. The Eleven Echoes of Autumn for violin, alto flute, clarinet and piano (1965) by a composer to whom Lontano has remained loyal, George Crumb, ended the concert with a pleasant reminder of those veritably Japanese delicacies of sound which were his unmistakeable and still surprising contribution to the 1960s avant-garde.

Paul Driver



Anita Dobson and Adam Faith

CAMBRIDGE THEATRE

The curtain rises on a nostalgic view of old Soho and the sort of musical they wrote about it 30 years ago. Winking lights proclaim strip joints and sex shows and a tramp sits tidily in the corner before joining in a strip alley chorus for barkers and pimps, "They're naked and they move."

The show has a book by Keith Waterhouse and Willis Hall, and lyrics by Don Black, the trio who brought us Billy in the early 1970s. Taking Adam Faith's TV character, Budgie, a small-time hoodlum

Budgie, a small-time hoodlum Budgie, a small-time hoodlum with a roving eye and big ideas, they embark on "Billy Mark 2" but end up with something precariously balanced between Expresso Bongo, a Brechtian underworld musical and a Joan Littlewood Cockney

and a Joan Littlewood Cockney knees-up.
Budgie sees himself as the king of Old Compton Street, but is really its fall-guy. He accidentally crosses a serious criminal and squanders a brief-case of new notes. He makes that up clearing a cool grand for switching a stripper's unwanted baby to a childless bookie. And he nearly loses his girlfrlend Hazel, his "Slag Number 2" from Bastidon. Number 2" from Basildon, before she gains the sympathy

of Budgie's racketeering Glaswegian boss and a second chance at a run-down transves-

chance at a run-down transves-tite club.

All this is shot in very soft focus in Jonathan Lynn's well-organised production, effi-ciently designed by Saul Radomsky. The lyrics are dogged and decent, rhyming mobsters with lobsters, losers with echanogers, and embers. with schmoozers, and embarking on trickily extended blank
verse patterns before tightening under the systematic, punchily anodyne music of Mort
Shuman. Faith is a likeable, unassertive stage personality with a merely adequate voice with a merely adequate voice that he uses to effective, tear-stained effect at the end. He is then reprising the show's big ballad, "in One of My Weaker Moments," which first belongs to Anita Dobson's

heautifully projected Hazel, a tart with a heart of silver. It is an egregiously insistent item, the melody never quite locked into place. It does not grow, it withers on you similarly a withers on you. Similarly, a trattoria trite aria for waiters and hit men never lives up to its opening line, sung to a lean-ing power of the pizza, "If You Want To See Palermo Again." At which point John Turner, who both suggests but never

transcends the memory of Iain Cuthbertson'e TV Charlie Endell, bursts in to order a boiled egg. The production works several such switches, but only really takes off when the strippers, so to speak, take off. There is a tremendous trio for provincial ecdyslasts bemoaning their lot while wiggling their butts that owes something to the novelty act in Gypsy. Similar ambiguity is at work in another strong trio

work in another strong trio excoriating men while preserving squatters' rights.

This is a hospital scene, and the book falls apart in its dreadful, almost disgusting, treatment of pregnancy and maternity. Hollow sentiment is one thing, crass bad taste another. Not even a welcome reprise of the springy opening reprise of the springy opening cake-walk makes up for that. The sound system is not up

to current West End scratch, though the musical direction of Paul Maguire is admirable. Gareth Marks as a mountain-ous minder, Nigel Leach as a seemingly bent copper and Barbara Young as a lush club habituée catch the eye in a strong supporting cast.

Michael Coveney

La traviata

APOLLO THEATRE, OXFORD

Peter Hall's 1987 Traviata joins the entertainment. Intimate Christopher Newell, and is conducted by Graeme Jenkins, though one singer is retained from the cast which appeared at Glyndebourne this summer - Fiorella Pediconi remains the Violetta for all the performances, and is largely responsible for the success of the

evening. Despite the faithful observation contained in John Gunter settings it continues to seem an ordinary enough recreation of the opera. How much defini-tion has been lost with the cast changes I cannot judge, but the salon scenes lack detail and coherence, and the second-act choreography is sketchy, though perhaps that is a deliberate approximation, emphasising the homespun nature of

Katya Kabanova and Die Eni-führung on the road for Glyn-debourne Touring Opera's 1988 er-knit, especially those in season. The production has been rehearsed for the tour by on to a higher plane altogether. In the expanses of the

Oxford Apollo, which seem to become more delapidated by the year, her voice was adequately powered; greater bite at the top would provide more obvious excitement, but so much of her phrasing and colouring is stylish and unfail-ingly elegant, her control of rnbato so expressive, one swiftly forgives any want of physical attack. Hers is an irre-sistibly touching Violetta, careworn from the very start, and already launched on a trajectory towards disaster, with a fine grain to her acting that reveals a natural instinct for the telling gesture.

She is partnered by Tibere Raffalli's Alfredo, who took much of the first act to get into his stride - some of Jenkins's early tempi seemed to be

but thereafter produced some sensible singing, which was a particularly effective foil to Pediconi. The Germont of Elia Padovan, a Corsican making is a little door but fluently sung and might develop further during the run. This trio gives a highly credible core to the production, and they are well supported by Eleanor Ben-nett's Annina, Patrick Don-nelly's Grenvil, Hyacinth Nicbolls's Flora and Robert Poulton's Douphol. There are no weak links.

The conducting gained in authority through the opera. It seemed sluggish to begin, as I've suggested — some later tempi went to the opposite extrems. But much of the music went naturally and unself-consciously, with the London Sinfonietta Opera Orchestra contributing some telling woodwind playing. Commonsense and fine sensi-bility are the hallmarks of the revival.

*

Andrew Clements

ARTS GUIDE

EXHIBITIONS

The Royal Academy. Henry Moore, a full retrospective exhi-bition to mark the 90th anniversary of the birth of one of the great artists and pre-eminent sculptor of the 20th century. Ends Dec 11. The Royal Academy. Toulouse-Lautrec: The Graphic Works.

Lautrec: The Graphic Works. A comprehensive selection principally of lithographs, from the definitive collection made by Otto Gerstenberg of the graphic work of this brilliant and innovative draughtsmen. Joint admission tickets are generally available for concurrent exhibitions at the Royal Academy. The Hayward Gallery. Three concurrent exhibitions. Elsenstein 1898-1948: His Life and Work; the first major study of the career of the great Russian film-maker, Sergei Elsenstein. Nam June Paik: Video Works 1963-88 (both until Dec 11). The Tiger Rugs of Tibet, which are little known in the West and never shown in this way before.

never shown in this way befo Ends Dec 4. The National Gallery. Rem-brandt: Art in the Making. A r shown in this way before. small but highly informative small but highly informative study exhibition, prepared by the Gallery's technical depart-ment and centred on the major works by him in the collection, treating on Rembrandt's working methods and materials. Ends

Carte Musées et Monuments, sold in museums and Metro sta-tions, enables visitors to avoid queues at 60 museums and mon-

uments, including the Louvre Musée d'Orsay and Versailles

fusée d'Orsay, Cézanne, The Early Years (1859-1872). The 63 paintings and 20 drawings and watercolours, already seen in London and on their way to Washington, reveal a hitherto neglected period of the artist's life. There are portraits and self portraits, still lives and landscapes, all pioneering modern art. Ends Jan 1.

art. Ends Jan 1.

Artcurial. Zao Wou-Ki's retrospective traces the development
of an artist formed both by the
ancient traditions of Chinese
art and by the works of the
Impressionists and of Cézanne,
Matisse and Picasso. 9 Ave
Matignon. Ends Nov 10.
Picasso Museum. The 17th century Hotel Sale, sumptuously
restored, provides a fitting home
for the world's largest collection
of Picasso's work. It comprises
203 paintings, 158 sculptures and of Picasso's work. It comprises
203 paintings, 158 sculptures and
more than 5,000 drawings and
engravings, 16 collages and 88
pieces of ceramics. 5 Rue
Thorgny. Closed Tuesdays.
Grand Palais. Vieira da Silva.
After Lisbon, Paris celebrates
the 80th birthday of the artist
who while born in Portugal who, while born in Portugal, decided to live and work in Franca. Closed Tue, Wed late closing night. Ends Nov 21. Galerie d'Art Saint-Houore. Still lives in Dutch and Flemish art lives in Dutch and Flemish art in the 17th century. Only the ingrained tradition of painstaking craftsmanship of the time can explain the perfection and the shining mint condition of the paintings assembled by Montea Kruch. 267, Rue Saint-Honore. Closed Sat, Sun and lunchtimes. Sinds Nov 18.

Time Comparison 1988. Thirteen painters, spanning three genera-tions, present the East German art scene in the 1980's. This exhi-bition concentrates on figurative painting and portraits. Among the artists are Hampel, Heisig Ebersbach, Tubke and Libnda Neues Kunstquartier, Gustav-Meyer-Ailee 25. Ends Nov 20.

Georg Baselitz, The Motif. Forty pictures by the German expres-sionist, born in 1939, from his most recent period. Kunsthalle Am Wall 207. Ends Oct 30.

Schleswig Holstein Landsmu-seum. 1,000 years of Russian Art. This exhibition celebrates the 1,000th anniversary of the Rus-sian Orthodox Church, taking as its theme the new alliance as its theme the new alnance between church and stats. Fol-lowing its Moscow premiere in June, opened by Raisa Gorba-chev, it has now moved to Schleswig, celebrating the rela-tions between the German state and Russia. Ends Oct 24.

Frankfurt Disegno Italiano. The Museum tries to portray the Italian cul-tural history of the 20th century with 130 paintings by 78 different artists. Städelsches Kunstinsti-

tut. Schaumainkai 43. Vienna Museum of Modern Art/Museum of the 20th century. Works by Oswald Oberhuber, one of Aus-tria's finest artists. Ends Oct Hermes Villa. Portraits by the fin-de-siècle artists, Gustav Klimt and Emilie Floege. Ends Feb 19. Secession. Klimt's "Beethoven Frieze" is now back in its rightful and original home in the beautifully restored Secession Also on exhibition are works by two young Austrian artists, Gustav Damisch, the painter and Willi Kopf, the sculptor.

Albertina, Exhibition of drawings by Alfred Hrdlicka, considered to be one of Austria's most controversial artists who managed to divide public opinion on plans by the City of Vienna to (finally) build a memorial to those who fought in the resis-tance during the Second World War. Ends Nov 30.

Palazzo Grassi. The Phoenicians The fourth major exhibition at Fiat's imposing art centre on the Grand Canal attemps to give a complete picture of this extraordinary people, who domi-nated trade in the Mediterranean for over 1,000 years before their capital, Carthage, was finally destroyed by the Romans in 146 BC. Until Nov 6.

Palazzo dei Diamant. Treasures from the Ghetto. A remarkable collection of precious objects in gold, silvers and textiles, con-nected with the Jewish religion. A large part of the objects on show were requisitioned by Hitler and were to have formed the basis of his unrealised Museum of an Extinct Race.

Metropolitan Museum of Art. An exhibition of architecture An exhibition of architectures on paper covers four centuries of drawings including works by Frank Lloyd Wright, Louis Com-fort Tiffany and Arata Isozaki, as well as the west facade of the Alhambra that dates back to 1880 Ends Jan 8 1580. Ends Jan 8.

Metropolitan Museum. The first major Degas retrospective in more than 50 years has 300 paint-ings, sculptures and drawings covering the artist's entire career and various interests, from early classical motifs and stiff portraits to the ballet studios and washer-women that freed his imagina-tion. Ends Jan 8.

Museum of Modern Art. Almost 100 black-and-white prints filus-trate Matisse's influence during a 50-year printmaking career that included lithography, dry-point, etching and linoleum cut. Ends Nov 6.

David Nolan Gallery. Another interesting show from a lively Soho gallery thet specialises in European artists. Early works by Joseph Beurys trace the devel-opment of the German artist from fine loopy drawings in the 1950s to the characteristic and enigmatic fats and melting choc-olates of his later work. (925 6190). Ends Oct 29.

Chicago Art Institute. The first major retrospective in 30 years of Paul Gauguin includes more than 230 objects and major paintings from all the periods of his exotic and far-flung life. Ends Dec 11. Washington

National Gallery. The largest show of Michelangelo's drawings ever mounted in the US illus-trates all the principal phases of his artistic development, divided into sections on draughtsmanship and architec-ture. Ends Dec 11.

Tokyo

Tokyo National Museum. Japa-nese Archaeology: History and Achievements. Over 300 exhibits tracing the history of archaeology in Japan, from the time when an American scholar spotted a shell mound near a Tokyo railway station in 1907 to some spectacular finds of recent years, which have overthrown many of the cherished theories about Japanese civilization (Tocad

of the cherished theories about Japanese civilisation. Closed Mondays.

Hara Museum of Contemporary Art. Shinagawa. Oil paintings by Tomie Ohtake, who emigrated to Brazil in 1936 and is now regarded as one of Latin America's liveliest abstract artists. This is her first solo exhibition in her native cognity; and ists. This is her first solo exhibition in her native country and
has been organised to commemorate the 80th anniversary of the
arrival of the first Japanese
immigrants in Brazil.
National Museum of Modern
Art. Genealogy of Realism. Oil
paintings from the Metji Era
(1863-1912). Japan's first westernstyle art school opened in 1876
and artists soon grouped into
followers of the Barbizon School,
with its sombre devotion to peaswith its sombre devotion to peas-ant life and use of the more liber-ated palette of Impressionism. Both strands are well repre-sented in this comprehensive exhibition. Closed Mondays. SALEROOM

Record for Picasso plate

attention to decorating the odd pot or plate. Sotheby's held an

The top price was the £58,200 paid for a plate painted by Picasso in 1956 with a portrait of his last wife Jacqueline, in a Greek peasant style. The price, a record for a Picasso ceramic, was within estimate. A Japanese collector gave £60,500 for a Provencal wine jug painted by Picasso with the head of a ways.

jug in the shape of an owl, realised £49,500 to the same realised £49,500 to the same buyer while a European collector gave £38,500 for a small wine pitcher, decorated by the artist and sold by Picasso's grand daughter, Marina. A vase painted with butterflies by Dufy realised £36,300, a record for a Dufy ceramic.

The artist out of favour, The artist out of favour, The artist out of favour, The string the late Estelle Doheny, which had already brought it in \$15.4m. The top price was the

record for a Dufy ceramic.

The artist out of favour, china wise, was Leger. His trial mosaic motif for the American War Memorial at Batsogne was unsold at £38,000 and the best bid for a 74 piece dinner service he decorated was £14,000.

Sir Richard Attenborough's the late Estelle Doheny, which had already brought it in £15.4m. The top price was the £238,000 paid by the London dealer Maggs for a Bible published by the Oxford University Press in 1680.

The leading painters of the Picasso-painted vase "Person-20th century often turned their attention to decorating the odd in, at £32,000.

pot or plate. Sotheby's held an auction yesterday of such ceramics, producing a total of 2733,810, with 17 per cent unsold.

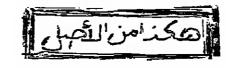
The top price was the £68,200 paid for a plate painted by Picasso in 1956 with a portrait

Sotheby's secured a record for a ruby, indeed for any colcured stone, in New York on Tuesday when a 15.97 carat Burmese ruby sold for \$3,630,000 (£2m). In was set in diamonds and gold and platinum. num. The Marquess of Bath is

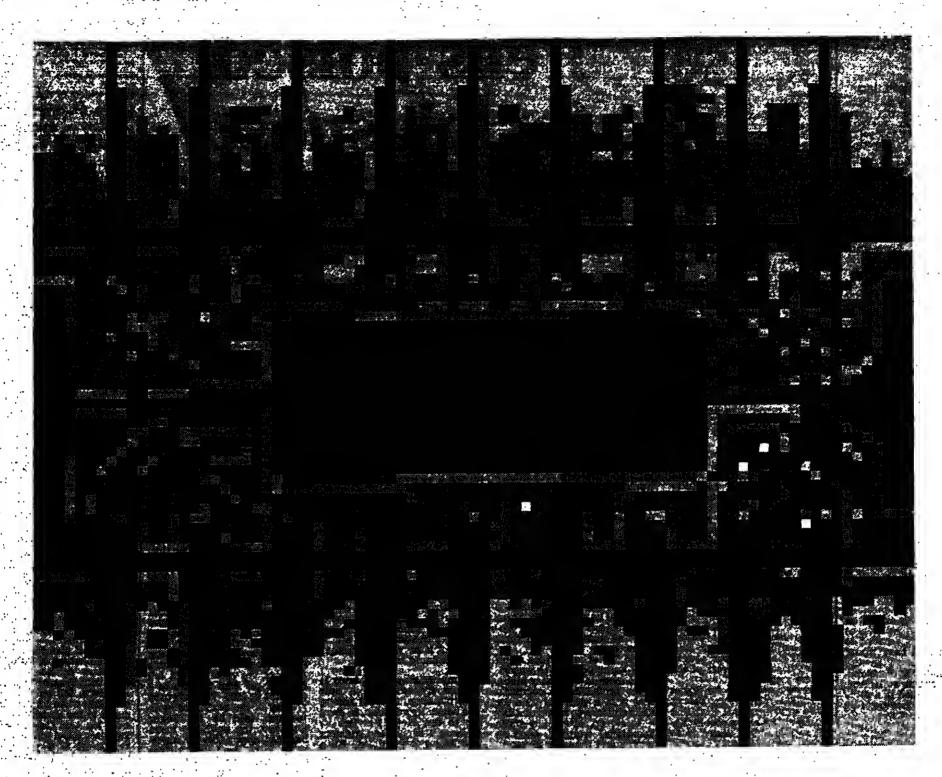
£110,000 richer today after sell-ing a set of four George III two handled wine coolers made for handled wine coolers made for the family in 1809 by Paul Provencal wine jug painted by Picasso with the head of a woman.

Another item by Picasso, nor in the shape of an owledge of the same buyer while a European collectory are £38,500 for a small wine pitcher, decorated by the same and sold by Picasso's Meanwhile in New York the

Antony Thorncroft



SIEMENS



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Thursday October 20 1988

Censorship is irrelevant

MR DOUGLAS HURD, the has not been accompanied by Home Secretary, yesterday tangible improvements in the confirmed the long-expected living and working conditions decision of the British Government to ban television and radio interviews with supporters of Sinn Fein, the political wing of the Provisional Irish Republican Army, and of the Ulster Defence Association, the protestant para-military organisation. The decision is ques-tionable in principle and is likely to bring little, if any, benefit to the fight against ter rorism. As an outcome of the Government's review of security policy in and around Northern Ireland, it looks trivial - more an indication of the increasing tendency to interfere with the media than to grapple with problems at their

The argument that broadcast interviews with Sinn Fein or the IRA provides those organisations with the "oxygen of publicity" is implausible. It suggests a public so gullible that it is likely to be taken in by the absurd rhetoric of (say) Mr Gerry Adams, the Sinn Fein leader. Possibly not even Mr Adams believes that.

More important, the Government's decision to tinker with the way Northern Ireland is reported will strengthen the view, widely held on both sides of the Irish border, that British Ministers see the Irish problem largely in terms of security to the neglect of the political and social factors that contribute to the unrest.

Anglo-Irish Agreement

One of the advantages of the Anglo-Irish Agreement, signed three years ago next month, was that it ensured much closer cooperation on security matters with the government in Dublin. The successes have not been negligible; indeed anyone who opposes the Agree-ment ought to consider how much worse the situation might be today, if the Irish authorities were not trying to block the flow of weapons to the terrorists. Yet it is also true that the Agreement has not so far reduced the level of

violence in Ulster There appear to be two main reasons for that. The first is that most Unionists remain as as they were when it was first

of the Catholic community in Northern Ireland - at least that pert of it which gives sustenance, directly or indirectly, to the IRA and which tends to vote for Sinn Fein in local elec-

Poverty and alienation

Despite the efforts that have been made since the civil rights marches in the late 1960s, the extent of the political and social alienation among Catholics, especially but by no means exclusively in the working class districts of Belfast, is still under-estimated by the British authorities. What is more, the neglect shows. A place such as New Lodge in North Belfast — a small Catholic community hemmed in by Protestant areas, under constant surveillance from the army, and living with unemployment of over 50 per cent - is not merely an obvious recruiting ground for the IRA and, just as important, IRA sympathisers. It is also a blatant example of inner-city deprivation, made worse by the history of reli-gious and social discrimina-

Mr Tom King, the Northern Ireland Secretary, is trying to bring the Unionists into the Angio-Irish Agreement, the workings of which are being reviewed in the next few weeks. The Unionists should realise that it is in their own interests to participate. The Agreement is a fundamental and necessary part of British policy: opting out has brought the Unionists no benefits what-

Equally, however, the Agreement so far is not enough. It is imperative that the British Government should show that it intends to deal with those problems of poverty and alienation that would be regarded as intolerable if they existed on the mainland, and be seen to do so. Mr King is anxious to introduce a Bill that would limit discrimination in the work place. That is commendable, but still not sufficient. that most Unionists remain as What is also needed is a drive hostile to the Agreement today to eliminate the conditions on which the IRA and Sinn Fein signed. The second is that it continue to thrive.

New regime for **British Gas**

THE MONOPOLIES credible competition in the Commission has pulled no industrial gas market. punches in its criticism of Britisb Gas's behaviour to its larger industrial customers. Its report yesterday showed that the Government was seriously mistaken to sell this large state monopoly without ensuring that the industrial gas market was under the general supervi-

sion of the regulator.

However, the report also demonstrates that the framework established for controlling privatised utilities can be nsed to correct earlier mistakes in its anxiety to limit the oversight of the Office of Gas Regulation (Ofgas) to the tariffs for domestic consumers, the Government over-esti-mated the effectiveness of com-petition from other fuels in the industrial sector, but it also established the procedure by which the Monopolies Commission could vary the terms of the company's licence if a tougher regime appeared nec-

The detailed analysis of British Gas's industrial pricing policy might have been better done before privatisation than 18 months afterwards. But if the company now co-operates with Ofgas to agree changes to its licence, no great harm will have been done, except per-haps to shareholders frustrated in the hope of monopoly prof-

Market power

It is important to remember, however, that the abuses of market power uncovered by the commission were not a consequence of privatisation. British Gas's secretiveness about industrial pricing, its intrusive questions about the intrusive questions about the final use of gas and its discrim-ination against customers with the weakest bargaining power were all established in the days

of state monopoly.

One of the benefits of privatisation, it can now be seen, was to bring into public discussion abuses of monopoly which had been shrouded by bureaucratic inertia and political indiffer-ence. Much of the credit for this must be given to Mr James McKinnon, director of Ofgas, who fought determinedly against British Gas's efforts to withhold information, and has set the agenda for establishing

The new rules will require British Gas to publish indicative prices for industry, to be much more open about the charges it would make for use of its pipelines and to submit to the authority of Ofgas in the case of pricing disputes. It will no longer be allowed to charge a higher price for gas used in applications like electricity generation, which it previously tried to discourage. This greater transparency should help potential competitors to help potential competitors to gauge their chances in the gas market. It should also help

Cosy relationships

A further provision that North Sea producers should sell only 90 per cent of the out-put of new fields to British Gas is a welcome effort to disturb the cosy relationship between the company and its suppliers. These measures can be expected to stimulate at least some competition from alternative gas suppliers. But this is less important than persuading the company to behave more as it would do in a competitive mar-

consumers to judge the advan-

tage of investing in equipment which would allow them to switch to alternative fuels.

ket.
The lesson which the Government should learn from the report is that inadequate regu-lation of the big privatised monopolies can be at least as dangerous as the over-intrusive regime many US utilities complain about. The old nationalised industries' arrogance and their insensitivity to wider economic costs will take time and the determined effort of regulators to break down, as is now evident in British Tele-com as well as British Gas.

When writing the rules for privatised electricity, the Government must be wary of the industry's claims that it will be partly disciplined by competition tion. Since monopoly power will be strong even in the wholesale and industrial markets, the regulator must be given fairly wide powers of oversight. If this had been done in the case of British Gas. the need for yesterday's Monopolies report could have been avoided.

David Thomas. recently in the Soviet Union. assesses the likelihood of success of a sweeping reform of the outdated education system

lexander Klein, head-master of Maiskii school in the wilds of Siberia, is a squat man who looks like the country people among whom he lives. The area he serves could have stepped out of the pages of Tol-stoy, it is hard to think of him as being at the cutting edge of the Soviet Union's reform pro-

Maiskii is full of privately owned wooden houses, little bigger than huts and unadorned except for brightly painted shutters. Geese and chickens to supplement the villagers' incomes are penned into the tiny gardens, jealously fenced off. The school is so entwined with the 5,000-hectare collective farm, which gives the village its name, that the farm workers carry out all Mr Klein's repairs.

Maiskii is remote even by Soviet standards, yet Mr Klein, while no doubt briefed about what foreigners should hear, is conscious of what Mr Mikhail Gorbachev's reforms could mean for his school. "At present, I don't have the right to be flexible," he says. "But in December there will be the Congress of Teachers, and after that I will be free to go deeper into certain subjects with the senior pupils."

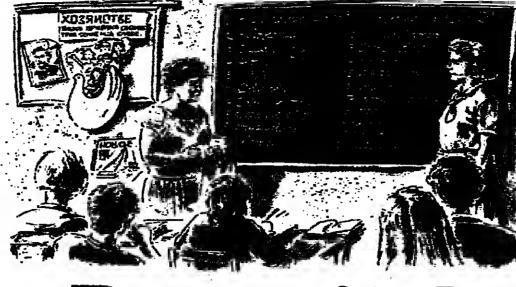
From one perspective, whether perestroka and glasnost take root in education is crucial to the eventual success of the entire project.
For the Soviet education sys-

tem was constructed to produce Stalinist man. All Soviet children, except a carefully selected élite, were taught the same subjects by highly tradi-tional methods in schools whose heads were appointed by the local education committee, in effect the Communist Party. The sim was to produce young adults who would slot unquestioningly into whatever role society allotted them.

This was all very well for the rigidly hierarchical, top-down social model adopted by the pre-Gorbachev Soviet Union. But it hardly fits the push for a more flexible and open society which lies at the heart of the reform programme

Those responsible for Soviet keep churning out Stalinist young adults into a post-Staliuist society. "Our desire is to mould the reforms to the personality of individual school children," says Vladimir Shchadrikov, schools minister.

What these generalities mean was spelt out in February at a special plenary meet-ing of the Communist Party's central committee devoted to education. It will be driven home at the teachers' congress in December, called to discuss



and the state of t

Pens poised for glasnost

the educational reforms. These boil down to two main strands. Decentralisation: The Soviet anthorities, keen to prod schools and universities into taking more decisions for themselves, are giving them more control over their own

In future, rectors of higher education institutions are to be elected by an academic board on which students will have a quarter of the seats. "This is quite a new procedure. It is usually leading to a very sharp discussion about the candilates," according to Mr Viktor Zubaryev, a deputy education minister

Similarly for schools: teachers will chose their heads from candidates nominated by a variety of sources (still including the local party). At Maiskii, Mr Klein jokes: "I'm a relic of the past. I was appointed by district education committee. Under the new procedure, I would be elected by a secret ballot of all the teachers." · More diversity: Hand in hand with greater control for educational institutions gues a

This is parily a matter of greater flexibility in the curric-ulum, particularly for older school pupils. In future, only 16 out of 26 compulsory hours a week will be spent on the three core subjects of Russian, his-tory and sociology, and natural

drive for them to be less uni-

The Soviet authorities claim they want schools to experiment more in what they teach. Some professionals complain their children to spend one day a week on often low-grade

vocational training, such as sewing and changing plugs. The number of special schools, where promising children are chosen for intensive study in languages, sciences, maths, music or sport, is being increased. Mr Shchadrikov acknowledges the widespread desire for a more differentiated system: "Different social strata have their own specific needs for education."

Diversity will also come by relaxing the formality of Soviet teaching methods. At present, even the youngest children sit in neat uniforms in equally nest rows in the classrooms. A bell rings to mark the end of lectures even in some elite Soviet universities.

Mr Andrew Pyner, a Bradford University student learning Bussian at the Herzen teachers' training institute in Leningrad, found more of his day being spent in classes then in Bradford, where students are expected to study independentily in Histories. Mr Vindimir Mikshin, the Bersen's pro-rector, says the institute wants trainee teachers to cater for the needs of the individual

This loosening of the reins is reflected in additional ways in the universities, where aca-demics are being encouraged to think along entragrence is

Research institutes, until now funded automatically from the centre, will get part of their budget by bidding under a new system of competitive grants. Universities can also strike training contracts with businesses, which will pay them for producing set mashers of graduates in specific disciplines. Mr Feliks Peregudov, the higher education minister, hopes universities may get a tenth of their money through these training contracts.

Running on pacallel lines is a new freedom and a new the better universities, to open up to the West. Barriers to exchanges of staff and students are being dismantled. Ritte research institutes are keen for commercial help from Western companies in exploiting their findings outside the Soviet Union. Mr Yuri Tsvetkov, sec-retary of the Academy of Sci-ences in Novosihirsk, told a recent British delegation that scientists there were eager to discuss 200 proposals with Western companies.

Gennadi Yagodin. brenght in this year to spear-head the reforms as chairman of the state committee on edu-cation, points to inertia among-many teachers as his main warry, a problem familiar to reforming education ministers in the West. The Soviet Union is planning for every teacher to he assessed once in five years and then put through a retraining course to remedy deficiencies. Beputy Minister Zuharyev envisages a shake-up many of the old geard will have to retire because they will not be able to cope with the new needs."

The size of the Soviet Union which has over 3m teachers in 138,989 schools, means the impact of the reforms is bound to be putchy, even before account is taken of the shillty of iscal officials to put the locales on changes. There is still uncertainty about how much control the centre is pre-pared to relinquish. And that is an important reason why the authorities are having such trouble in producing a new ide-tory text book, after the old one was abundound earlier this year for failing to tell the truth about Societ Mistory.

Moreover, Soviet schools me being select to introduce more sophisticated teaching methods and a more slivence conticulant with often groudy intelequate resources, "Consulters" and other modern teaching sids are at a premistin Relayation's at a premium. Education's share of the state landest fell from 11 per cent in 1970 to 8 per cent in 1986. The February tee was told by Mr Yegor Ligachev, the polithero mem-ber then responsible for education, of the need to cut class sizes, reduce the school entry age from seven to six and end the still common practice of putting children through schools in two shifts.

The Soviet educational sys-tem is being prepared for the next century with many teachers and most of its resources still rooted in the 1950s.

BOOK REVIEW

A man ahead of his time

on the post-war world contributions for beyond his contributions for beginning economics. nomics. By the end of the war he had become the first head of the Economic Section of the Treasury, and used to brief the Permanent Secretary at 11:30pm for night-time meet-ings involving the Prime Minister. Under him the famous White Paper on Full Employ-ment was produced and he travelled across the Atlantic with Keynes to negotiate Bretton Woods and the American

As Lord Robbins of the Robhins Report, he proposed the vast expansion of higher edu-cation of the 1980s and the 1970s which is now so controversial. As chairman of the Financial Times from 1980 Financial Times from 1960 until 1971 he presided over a distinguished period of its expansion and development. As Chairman of the Governors of the LSE had to deal with the 1965 riots, which he centained with minimal concessions.

Demis O'Brien's Incid book is expected above all with the

is concerned above all with the development of Robbins' thought and work as an economist. He was appointed to a leading chair in the LSE at the age of 30 which involved him at once in administrative duties that confined much of his academic writing to responses to particular invita-tions, but what stands out in Mr O'Brien's account is the extraordinary good sense and prescience of much of his occa-

sional writing.
This was beavily influenced by his mastery of classical economies which left him extremely discontented with the tenor of British govern-ment economics after he left the Treasury, and especially the efforts to control the macrosconemy without regard to the monetary base. His vivid account of our perpetual stop-go while money was left unconstrained beers repetition.

"We have been attempting to drive our car through this diffi-calt post-war country with the steering gear out of action, the wheels hashed rigidly in one direction, our only means of equilibration an occasional steer mounts for the ston, every few months, for the whoels to be unlashed and turned at another angle— while ministers stand on the roof and deliver salutary

Robbins plea for the aim of an elimination of inflation via monetary control, so well in the 1908, fell on deaf ears in dence to the Radcliffe Commis-sion. Mr Alec Cairneross (now Sir Alec) asked him sceptically. In Brazil is it not the case that national income has increased very rapidly in spite of progressive inflation?" and followed this with. "At the back of my mind was the question whether investment would hold up if the inflation ceased?" We knew nothing in 1958 of how Germany would combine exceptional growth with the reduction of inflation

by D.P. O'Bries Macmillan £29.50 244 pages

to zero, and Robbins insis-tence to Cairneross and his colleagues that Brazil would invest more successfully with zero than with treble digit infinion made no impact.

advance of his time as an econ-omist in his pleas for top income tax rates of less than 80 per cent and for a then unfash-ionable belief in sconomic incentives. I recall the total bewilderment in the Camin idge Marshall Library in 1955 that someone called Lionel Robbins had written an article in Lloyds Bank Review which called for lower income tax for the highest earners.

The problem with Robbins' then unfashionable classical economics was that it was mostly published in bank reviews and equally ephemeral places. Mr O'Brien speaks of his distrust of econometrics in the 1930s but the Treasury ignores economic journalism. As soon as David Leidler. Michael Parkin and Alan Walters began to produce monetary econometric work of quality, it began to become respectable to take money seri-ously, and the fact that the monetary equations break down every few years as Rob-bins predicted they would bas been no bar to a renewed emphasis on monetary policy.

But it is an error to recard Robbins simply as an economist of the right. In social affairs his position was liberal, and the mainspring of the Rob-hins Report was to extend edu-cational opportunity generally and not specifically to further economic growth: "Common sense tells us that, for instance, there can be little direct connection between say, the numbers studying art his-tory and productivity in manufactoring industry . . . But I believe nevertheless that there are arguments, attempting no such bogus precision, which are more compelling . Provided that the educational activity is not gravely misdi-rected, it is reasonable to supon that, in general, society is likely to be more efficient, more progressive, more homsoe, the larger the proportion of people who have had the opportunity of developing

A reader of Mr O'Brien's fascinating book - which does full justice to its subject cannot fail to look around today and ask who is offering us wisdom that equals that of Lionel Robbins.

Walter Eltis

The author will shortly become Director General of the National Economic Development Office.

Quiet day in the City

Perhaps Black Monday has turned out not to be one of those days you will always remember — like the day of the assassination of President Kennedy. On a small straw poll, even members of the modestly investing public were unaware that yesterday was the first anniversary. There are some parties, but it is unlikely that there will be time to go to them. So Observer marked the event by watching a film shown by Merrill Lynch, the company that brought Wall Street to Main Street (or is it the other way round?).

It arrived in London late, because apparently nowadays all imported film tends to be held up at customs in case it is pornographic. This one is immensely optimistic. The advice from Merrill Lynch is to go into bonds and wait for the industrial renaissance. Shortly before last October the ideal portfolio was seen as 60 per cent equities, bonds 40 per cent. There was a brief period when the firm advised staying liquid; now it recommends an equity bond ratio of 40:60. In the US Merrill Lynch claims that the crash led to a crop of new investors: people who realised that the world had not come to an end after all. The events a year ago made the markets more interesting to them.

The film was shown to about 100,000 people at parties across the States on Monday, which seems to me very enterprising. London, please note.

Borrowed rags

■ The press is once again after Nancy Reagan. At least, that is the view of the White House, after a spate of reports that the First Lady broke her word, given in 1982, to stop borrow-ing designer clothes and jewel-lery from American fashion

OBSERVER

Fashion experts have valued the borrowed collection at more than \$1m, including 60 to 80 outfits from one designer, David Hayes of Los Angeles; a \$10,500 white mink from Galanos; and an \$800,000 pair of ten-carat diamond ear-rings from Harry Winston in New York. Time Magazine has assembled more than 300 photographs taken since 1982 of the First Lady in borrowed

White House spokesmen have said that the President is "very upset" about the attacks on his wife. Elaine Crispen, her press secretary, has admitted that, in going back on her promise not to borrow, the First Lady "broke her own little rule," which she now "regrets". To quote one of her favourite songs, when it comes to clothes: "She's just a girl who can't say no."

Caracas Square There is a nice twist in Mountleigh's sale of its Pater-

noster Square property in the City to the Venezuelan-based Cisneros Group (ODC).
Three years ago ODC bought
Galerias Preciados, the lossmaking Spanish department store chain, in a first ambitions attempt to become a top Euro-pean retailer. However, ODC pulled out after two years in what was essentially a property deal with Mountleigh.

Now ODC has branched into property via the friendship struck up between Mountleigh's Tony Clegg and Gus-tavo Cisneros, the 43-year-old president of the Group. Even m Venezuela ODC has not been prominent in either prop-

erty or construction.
The Cisneros Group is the most internationally active among a handful of familyowned companies that completely dominate the private sector in Venezuela. Diego Cis-



"I see the Argies are still trying to pick a fight."

neros, a Cuban immigrant, founded it in 1930 by starting a small transport business. A good marriage helped him to raise funds to finance a Pepsi-Cola bottling plant. The Cis-neros Pepsi operation in Vene-zuela, which now has the largest market share in the world, proved the basis for the family's fortune. ODC also has the Pepsi franchise in Brazil. Diego died in 1981 and the business is now run by three of his sons, headed by Gustavo. As well as soft drinks, the

group owns a major television network, radio stations, has various banking interests and the country's largest superman ket chain. The latter was bought from the Rockefeller family, which has retained close connections with the Cisneros. Thus Gustavo is on the international advisory commit tee of Chase and on the board of Rockefeller University.

He is probably also the Venezuelan businessman with the most institutional involvement in the US. He is chairman of

the American Society of New York, on the advisory board joined the advisory board of the Power Corporation of Can-ada. The Group's main business activity in the US is a controlling stake in Spalding, the sports goods concern. Gustavo recently returned from China where he was seeking to expand the Spalding interests. So Paternoster Square has not exactly gone to a nonentity.

Business trip

■ West German busine have been jostling for a place in Chancellor Kohl's delegation to Moscow next week. At the latest count his party will include 70 non-governmental guests, most of them leading executives; early this week the number was less than 50. There will be one notable

absentee, however. Peter Henle, who was to have travelled in his capacity as president of the West German Society for Foreign Policy, is staving at home. Henle, a member of the family running the Klöckner Group, has to help pick up the pieces after its rescue by Deutsche Bank

His place on the Moscow trip will be taken by Profess Karl Kaiser, director of the Foreign Policy Society's research institute, who will be signing an agreement with the Soviets on fostering East-West debate between Moscow and Bonn. Kaiser is a specialist on the international conference

Child labour

■ We thought that those days were over, but the following notice has appeared in the window of a small secondhand bookshop close to the Finan-cial Times: "Small Boy Wanted Aged 5 to 7 years Not afraid of heights or the dark To assist chimney sweep." A telephone number is given.



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he attitude of "No Tax Cuts, Please, We're British", was widespread among the chattering classes well before the last Budget. It has, of course, heen reinforced by the little local difficulties over inflation, and perhaps the trade balance, into which the British economy has run.

economy has run.
Needless to say this hairshirt attitude has been in no way lessened by the demonstration that there were no effective cuts for the average taxpayer, despite the reduction in top marginal rates which have occasioned so much guilt.

In the last financial year taxes, including social security contributions and rates, were estimated at 38 per cent of GDP. This was higher than when the Thatcher Government took office in 1979 and higher than at any time during the last Labour Government — a conclusion which remains even if North Sea revenues are

excluded.

The changes in the 1988 Budget were not expected to reduce the proportion of GDP going in tax. Rising real incomes antomatically increase the tax take in a tax system with fixed real starting points and thresholds: an effect known by the unlovely name of "real fiscal drag". To offset the drag and prevent the tax burden the drag and prevent the tax burden increasing, either real thresholds have to be raised, or tax rates

Predictably facts and logic have had little effect on British puritans. Nor has the detailed demonstration that the inflationary growth of demand

Although top marginal rates have been cut, the effective burden on the average taxpayer is higher than when the Government took over

began long before the last Budget and had its roots not in fiscal policy, but in the liberalisation of credit, most of

it taken out in mortgages.

If any aspect of fiscal policy is to blame it is not the overall tax adjustment in the 1988 Budget, but the refusal to limit mortgage interest relief, which according to press reports the Chancellor wanted and the Prime Minister vetoed.

T e can expect a barrage of studies and investigations claiming that there are few benefits from cutting marginal tax rates. Before becoming too influenced by them, we would do well to study a lecture given by the Swedish professor Assar Lind-beck on The Limits of the Welfare State, on October 12 (obtainable from

the Department of Economics Birk-back College, London).

Lindbeck, who is chairman of the
Nobel Prize Committee, is far from
Nobel Prize Committee, is far from having a New Right background. Before analysing the corrosive effects

ECONOMIC VIEWPOINT

Tax snake in the welfare garden

By Samuel Brittan

of high marginal tax rates he lists the achievements of the Welfare State. They include the reduction of poverty, a decline in the risks from unemployment, illness and old age faced by citizens who would not have taken out adequate insurance themselves; and general redistribution of income towards those at the larger and

towards those at the lower end.

These effects are shown for the UK
in the table. Households in the bottom fifth of the income distribution, many of whom were retired or unemployed had original incomes averaging only £120 per annum in 1985. The effect of cash benefits was to raise disposable income to nearly £3,400. Government statisticians then add in the estimated value of benefits in kind, such as the Health Service and state education, and deduct indirect taxes. The result is a final income of nearly £4,000 per

Among the top fifth of households the effects are the opposite: Average original income was over £22,000, But the impact of taxes and benefit was to reduce final incomes to just under

Lindbeck gives two warnings about the apparent redistribution. First, part of the apparent redistribution. First, part of the apparent redistribution is among the same individuals over different stages of their life. Secondly, there is the waxed question of what provision these contracts would have made for their own retirement, health, education, and other needs in the absence of state provision, and what also would have been the effect on private beneficence.

He remarks that there is a snake in every paradiscin this case the mar-ginal tax snake. His data suggest, as generally believed, that redistribution goes further in Sweden than in Britain. But the marginal tax snake is also more menacing there. Lindbeck estimates the implicit marginal tax paid, not by the rich but by the average citizen, at around 70 to 80 per

It is less in Britain, but by not as

much as we might like to think. The average taxpayer, whose income is above poverty trap levels, pays a basic tax rate of 25 per cent on addi-tional income and a further 9 per cent in employee national insurance con-tributions. The employer's contribu-tion of 10.45 per cent, which must in the end come mainly out of wages, should also be added. We should also

take into account taxes on final con-

Redistribution of Incom	ne thre	eigh t	EXes 2	and be	ne@te	1985
Households senited by original income (2 per year)	Bottom (St)	· Next	Midde	Next	Top	All household
Assessed per household					1	
Estrange of main earner	10	1,300	8,030	8,960	14,490	6,160
Earnings of others in the household	•	70	850	2,480	6,130	1,870
Competional panelons, annuities:	50	850	500	-440	570	500
Investment income	50	390	380	430	960	440
Other Income	10	120	140	80	160	100
Fatal eriginal Income	120	2,720	7,700	12,305	22,336	9,070
Contributory	1,000	1,890	880	350	270	960
Non-contributory	1,500	750	530	440	410	
ikees income	3,306	£.300	6.900	12,176	23,600	10,770
Income six and NIG	-10	- 350	1,460	. 2,580	5,300	1,950
Dispossble Income	3,300	4,546	7,538	10,610	17,700	8,830
Indirect laves	790	1,420	2,050	2,540	3,840	2,160
Education	520	450.	580	700	780	560
National Health Service	820	800	710	660	870	730
Travel subsidies	. 20	180	80	70	120	70
Housing exheldes	150	70	- 80	40	20	70
William foods	. 50	`30	20	20	20	30
Flori Provide	3.000	4,920	8,950	0,400	15,450	8,140

sumption such as VAT, or drink and tobacco duties, which amount to an impost of another 13 per cent on each extra pound earned.

Taking into account some other statistical adjustments, we end up with an effective marginal rate paid by the typical tarpayer of approximately 52 per cent. For the top taxpayer the effective marginal rate is around 57 per cent. Before the last budget it was 66 per cent, taking everything into

In Britain, some of the worst ning tax distortions are now at the bottom of the income scale. Restoring penal marginal rates at the top would not, however, do anything effective about the poverty trap, but would entrench all the damaging dis-tortions identified by Lindbeck, which once in position are extremely diffi-

The most striking contribution of Lindbeck is to show that very high marginal tax rates have all sorts of effects not realised by those who sneer at the incentives case. They all spring from the wedge inserted by high marginal tax rates between the social and private rate of return to work and enterprise.

For example, certain assets, such as

housing, durable consumer goods, or "complex manipulation with debt and capital gains," are politically or technically more difficult to tax at these high rates than the return from normal business investment. Thus invest-ment becomes distorted.

One stock argument against the dis-incentive effects of high marginal tax rates on work is that individuals have little chance to vary their hours, which are fixed by the employer or by collective bargaining. The Swedish professor undermines this objection by pointing out that tax rates must affect over a long period union preferences between shorter hours and take home pay. Working hours have fallen most in countries where marginal tax rates have been highest.

Lindbeck mentions elusive consequences for the intensity or quality of work or willingness to acquire more skills. I would myself put most sis on the effects of tax rates on the choice of occupation, especially on the choice between high reward, high risk or uncongenial activities, and less rewarded but safer or more comfortable pursuits. Swedish studies suggest that the marginal cost of public funds raised by progressive taxation may be as high as £3 to £7 for

every £1 raised. Lindbeck, however, attaches just as much importance to everyday incidents suggesting the breakdown of exchange and lapse into

self-sufficiency.
Households devote more time to doit-yourself and repair work, which were traditionally supplied from out-side. Dentists drill wells on their summer estates rather than in their patient's teeth. Physicians operate their salling boards rather them on their patients. Potential entrepre-neurs become innovators in tax avoid-

His most illuminating insight is that the marginal tax wedge acts like a tariff, promoting non-specialised home production rather than specialisation for trade in the open market. The distortions created by the tax wedges are many times more restric-tive than most actual tariffs.

Lindbeck's main personal concern is with the moral effects of a Welfare State financed by high marginal tax rates. An example is the diversion of resources to activities - small family restaurants, for example - where tax difficult to ascertain and collect. The worst aspect is not the misallocation of resources, but the premium on dishonesty. The real depreciation may be in the inherited capital stock of honesty, which will be difficult to restore, and which may be countered by increased scrutiny of private lives

His nightmare is that the private sector may have to take over the financing of goods previously supplied collectively, such as law and order,

There are no easy ways of tackling the problems of the Welfare State; but that is no reason to go back to high top marginal rates

basic research and support for the arts and culture; while politicians use their fiscal resources to redistribute the consumption of private household goods. When a majority of the popula-tion lives on public funds, as in Sweden, it becomes extremely difficult to cut back on public spending.
Lindbeck admits that there are no

easy ways of tackling these problems while preserving the positive achieve-ments of the Welfare State. He talks about tackling the poverty trap among low income groups, by replac-ing income related transfer by lump sum transfers - in practice extremely expensive. And he stresses that it is just not possible to help single mothers without increasing the supply of such mothers, actual or purported. For the long run his main hope is that public expenditure will rise more slowly than GDP — a policy implemented by the Thatcher Government since the early 1980s, but not over its whole term of office.

At least we can refrain from com-pounding our problems by claiming that high marginal tax rates are good

Determined to stay in the headlines

Kieran Cooke reports on Britain's ban on broadcast interviews with Irish militants

here was little surprise among the people who live and work in Nation-alist areas of West Belfast and Londonderry at yesterday's announcement by Mr Hurd of broadcasting restrictions on certain groups operating in Northern Ireland.

Northern Ireland.

Sinn Fein, the IRA's political wing, is the main target of the new measures. Sinn Fein has a strong following amongst the Nationalist working class community. Mr Gerry Adams, the President of Sinn Fein (the name literally means "we, curselves"), has been MP for West Belfast since 1963 and at the last election had a majority of 2,500 votes. At present Sinn Fein has 19 district councillors in Northern Ireland and it is estimated that the party comestimated that the party com-mands about 11 per cent of the total vote in the province and has a 35 per cent following within the Nationalist, mainly Roman Catholic, community.

For the most part, Sinn Fen

voters do not support the IRA and its violence. But they feel isolated and ignored by those in power and marginalised from the rest of society. Sinn Fein draws its support in areas of Belfast and Londonderry characterised by high unemployment - often more than 70 per cent of the workforce -bad facilities and heavy secu-

rity. Sinn Fein representatives Sinn Fein representatives are usually locals, born and living within these tightly-knit communities. Typically they are young people with little prospect of finding jobs who see the organisation as a natural outlet for their political functions.

When members of Sinn Fein became closely involved in local politics in Northern Ireland in the early 1980s, opening advice centres to deal with housing questions, unemployment benefits, and other social issues, they were often described as "social workers with armalites". Much as the Government would wish it were otherwise, Sinn Fein does command considerable sup-

port. It is often the only organi-sation that people living in deprived areas feel they can turn to for help.

In the Irish Republic considerably tighter restrictions than those anounced by Mr Hurd yesterday have been in force for some years. But there the situation is very different. At the last general election in the Republic, Sinn Fein received less than 2 was cent of the rect. less than 2 per cent of the vote. In the so-called "hard green" areas of Northern Ireland the new measures could ricochet badly. Many people in those areas have long felt that Mrs Thatcher's Government looks on them only as a security problem. Mrs Thatcher's Closure speech to last week's Charles and the security speech to se ing speech to last week's Con-servative Party Conference, where Northern Ireland was mentioned only in the context of terrorism and security, only served to reinforce these

Even among the Unionist community in Northern

For the most part, Sinn Fein voters do not support the IRA and its violence.

Ireland, there is the feeling that Mr Hurd's announcement was largely symbolic. The IRA will continue its campaign and there are very real fears of the terrorists mounting what Sir John Hermon, the Chief Constable of the Royal Ulster Con-stabulary, describes as "a terri-tying end to 1988".

Sinn Fein will doubtless strive to make much political mileage out of what it has described as Mr Hurd's repressive measures. Mr Adams, speaking yesterday in what could be his last radio interview in Britain for some con-siderable time, said that Sinn Fein would not stop its activitles: "We do not intend to go away. We will develop alternative ways of information and

EC agricultural policy

Sir, Clayton Youtter and Richard Lyng ("Why it'e time to end the hand-wringing," October 12) acknowledge that the EC has taken some steps to reform agricultural policy. But they greatly understate what

7-27 July 2

TOTAL FRANCE

They ignore the unremitting price pressure which, for example on cereals, has reduced support levels by 25 per cent in real terms over five years. And they consistently overlook the effect of milk quotas which have cut the EC dairy herd by about five million cows since - equivalent to half the

US herd.

Proper account must be taken at the mid-term review in the Uruguay Round of the General Agreement on Tariffs and Trade (Gatt) of the actions already taken by the EC to curb farm production and of the impact of these actions on both domestic producers and world markets. Further measures may be required, but time and care will be necessary to find the most constructive

From Mr James Oglicy-Webb. Sir, Samuel Brittan con plains that "the Government cannot distinguish between genuine market forces and just

farm policy have been to secure food suppliers and to provide a degree of stability for an industry which is of major importance to rural areas and the economy. Clearly, concern for the environment is now another important factor. Nei-ther this nor the original objectives of EC farm policy will be met by leaving everything entirely to the free play of mar-ket forces. In this country the likely result would be even more intensive farming in some areas, and dereliction in

I suggest that the emphasis in the Gatt negotiations should be on finding ways and means to secure more orderly international trade. This will require disciplines on production in the EC, in the US and else-where, but the form that the discipline takes should be left for each country or group of countries to determine for

Simon Gourlay. President, The National Farmers' Union,

Distinguishing differences

sures," ("Sad omens for fifth TV channel, October 10). I can't either. Can you? James Ogllvy-Webb, 3 Rokeby House, Lambs Conduit Street, WC1 giving in to commercial pres-

A way to index-link pensions

Sir, Mr Colbran (Letters, October 13) believes that "pensioners must continue to rely on discretion to some extent for their increases," even though discretion has in the past been used to make massive cuts in the real value of company pensions. He argues that even by buying UK gov-ernment index-linked stocks, a pension fund cannot guarantee index-linking "because it would have no knowledge of either the terms or availability of such stock at any time in

Yet there is no guarantee of the terms or availability of any kind of asset in the future. In particular, the future availability of long-term conventional UK government gilts on any scale is increasingly doubtful, while the future supply of index-linked gilts seems less threatened. Pension funds make extensive use of conventional like to be seen the conventional like to be seen to the conventional state of the conventional state tional gilts to finance the nomi-

The Government, which appears to have greater faith than the market in its own determination to reduce inflation, is likely to take advanof these repayments to

nal payments that they cur-rently promise to pensioners.

The question mark over the future supply of conventional UK government debt arises because the Government is set to repay some £10bn or more of its debt annually for years to

tion of conventional debt, and rules the proportion of index-linked issues. This will reduce future government funding costs if inflation is reduced. And even now, the future supply of index-linked debt is in a sense better assured than that of conventional debt. The reason is that the longest index-linked debt issues extend to a significantly longer matu-rity (the year 2024) that the longest conventionals (which run to 2017, with a real risk of earlier redemption). So pension

funds can use UK government debt to guarantee index-linked liabilities further into the future than they can nominal On top of all this, the pension funds could prudently finance a proportion of their index-linked liabilities through equities, which of course tend to out-perform retail prices in the long term. The UK Govern-

ment, and even private compa-nies, would probably respond to an increase in demand from pension funds for index-linked assets by issuing even more. But perhaps the idea that a market movement in asset prices might affect behaviour is unacceptable to an actuarial profession that uses its own assessment of asset values in preference to market prices.

Giles Keating, Credit Suisse First Boston, 2a Great Titchfield Street, WI

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Equality of opportunity for black youngsters on training schemes opposed to being concentrated in the workforce as packers,

From Mr H. Ouseley.
Sir, David Quarmby (Letters, October 14) rightly expresses J. Sainsbury's concern about the lack of black youngsters on their Youth Training Scheme (YTS).

Instead of focusing on why, over the past decade, the large private sector employers have failed abysmally to offer young black people access to their prestigious training schemes, he goes on to highlight Sains-bury's successful track record of employing large numbers of black and other ethnic minor-

ity workers. Sainsbury's determination to recruit more black people from the local communities in which they operate is commendable but it is important to know how many of those workers will be in senior, managerial and supervisory positions as deliverers, cleaners and checkout operatives. Chief Executive, Inner London Education

County Hall SE1

From Mr Tony Priichard and Mr Terry Bruce.

sir. With reference to your article on black youngsters and the YTS ("Big company training schemes 'show racial bias by employers'," October 6), you may be interested to hear of our experience as consultants to a group of 10 major companies operating employer-led YTS programmes in the Bir-

mingham and Solibull area. These companies, which cover a range of industries, are

committed to increasing the number of young Asian and Afro-Caribbean people training with them and are encouraged and helped by the Training Agency, formerly the Man-power Services Commission. We have been working as a project team for this group since January, supported by the careers service, Birming-ham Community Relations Council, the Commission for Racial Equality and others. The main aim is to attract more young black employees to these companies and to find waye of demonstrating that they are welcome and will receive fair treatment. Many practices to achieve real equality of opportunity in their training schemes have been

identified and put into effect.
Whilst we believe that the

problem of under-representa-

tion needs to be sired, we are concerned that the report referred to in your article, from the Birmingham-based Youth Employment & Training Resource Unit, could be counter-productive if it persuaded black youngsters and their persuaded that they were not welcome on employerled YTS programmes. Our experience has convinced us that this is far from true.

Most large companies are aware that school leavers -regardless of race, sex or disability - are a precious resource. They should be actively encouraged to apply to those companies operating high-quality training. Tony Pritchard and Terry Bruce. 10 Company Working Party, Blacknell Building,

PO Box 41, Birmingham



FINANCIAL TIMES

Thursday October 20 1988



Modi empire threatened by feud

David Housego examines the dispute upsetting Indian businessmen

amilies are condemned to squabble among themselves, believed Ivy Compton-Burnett, the English novelist who made her life-time's work the study of their

The well-known Indian families who dominate the country's industry have until now been surprisingly successful in keepingtheir quarrels to them-selves. Birlas, Mafatlals, Goen-kas and Singhanias have fallen out over management, share-boldings and the division of assets. But they have kept their disputes away from the

Hence the disapproval currently felt within India's business establishment for tha Modi family who have allowed their dirty linen to spill on the boardroom floor, before tha gaze of the financial institu-tions, and then into the court-

courts have now appointed an interim chairman to Modi Rubber, the tyre manufacturer and cash cow of the group, after two younger sci-ons of the family sought to oust an uncle in a boardroom coup. Because Modi Rubber has major holdings in other group subsidiaries the battle over the chairmanship is part of the wider conflict over con-

trol of the group.
Until they were torpedoed from within, the Modis counted themselves as "the fastest growing industrial group in India" moving in the past 10 vears to third or fourth within the hierarchy of major houses. Sales have grown fivefold from about Rs3bn (\$208m) in 1976 to about Rs15bn this year.

From a base in sugar, vege-table oils and textiles tha group has expanded into tyres, artificial fibres, office automa-tion, chemicals, steel and cement, signing more technical collaboration agreements with foreign partners than probably any other Indian concern.

Among others, the Modi group has joint ventures with Rank Xerox, Philip Morris, Blue Circle Industries, Olivetti and Lurgi of West Germany. Opinions are divided on how much damage the feud has caused. A merchant banker in Bombay says: "The Modis are a bad name. Very few bankers would touch them until the trouble dies down."
Mr B. K. Modi, who runs

By Andrew Whitley in Jerusalem

car bomber crashed his vehicle

into an army minibus travel-

ling on the Lebanese side of the border at Metulla. An Israeli Army spokesman sald

eight other soldiers were

injured, one very seriously, as well as two Lebanese women.

the bomber approached in a Toyota car and detonated the

explosives at the same time as

a convoy of six army vehicles

and a transit van bunched

together some 300 metres from

the border fence on their way

A pro-franian guerrills group, Islamic Resistance, claimed responsibility for the

bomb attack, which is likely to

inspire calls in Israel for swift

retaliation. It was the heaviest

casualty toll suffered by the Israeli Army in a single inci-

Israeli military sources said



all their ventures: Modi Rub-ber, Modi Xerox and Modi Car-

pets, for example. They are philanthropists who surround their factories with schools,

housing, hospitals and recre-

name were stamped on it by Gujar Mal Modi who died in

1976 having built up tha family industries. He believed in edu-cation and hard work, sending

his children to Western univer-sities and ensuring they were up at 6am and back home by

11pm - even after they were

ft is his five sons, best known by their initials, who have done most to carry the

group into new areas - ce-

textiles, electronics and office antomation. They have achieved this through setting

np greenfield plants based on foreign technological collabora-

tion and in which the foreign

partner often has as much as

40 per cent of the equity. Kedar Nath Modi, around

whom the storm now rages,

comes into the nicture as the half brother of Gujar Mal who

took over the chairmanship of

the group on the latter's death.

It is a matter of dispute whether this post was meant to

headed by Labour and the right-wing Likud of Prime Min-ister Yitzhak Shamir, are run-ning neck-and-neck in public

Labour's hopes that King Hussein might break his recent silence and publicly endorse negotiations with a Labour-led

Israeli government after the elections, are reported to stem

recent days, with Jordanian

Labour leader, is evidently anxious to rebut accusations

that his campaign platform has been undermined by King Hus-sein's decision to pass the

responsibility for the occupied territories to the PLO. How-

ever, there was no word yester-

Mr Shimon Peres, tha

opinion polls.

ent, steel, cigarettes, artifical

These hallmarks of the Modi

ation centres.

B. K. Modi: dynamic entrepreneur

Modi Xerox and Modi Rubber and who, as the most dynamic entrepreneur within the family, has the most to lose from its ebbing reputation, claims, however, that "the dispute has not interfered in the working of the group which has been better in the first six months of

this year than in the same period last year."

But Mr K. N. Modi, the patri-arch of the family who has been displaced from the charmanship of Modi Rubber by Mr B. K. Modi, points out: "If we don't come to an understanding and sort out the problem amongst ourselves you know the consequences. Things may deteriorate."

In almost no other country do families have such a strong grip on the management of major industrial companies as they do in India. Casting an eye down the list of India's major private-sector concerns reveals that most are family run - even though the shareholdings are more widely

The Modis are, however, still thought of as pushy newcom-ers by the older industrial dynasties. They have a style of their own which is most visible in their high-profile practice of putting the Modi prefix before

The incident comes less than

two weeks before the Israeli

election and during a cam-paign which has been focusing

on the country's relations with

its Arab neighbours and the

fate of the occupied West Bank

A left-wing Arab-Jewish

party, the Progressive List for Peace (PLP), announced yester-

day that two of its parliamen-

tarians recently met a senior Palestine Liberation Organisa-

ratesinic Interation Organisa-tion delegation. The announce-ment said they had agreed on a joint statement over the Arab/ Israeli dispute which, the party said, went further than the PLO has hitherto gone in

recognising the Jewish state. In a separate development, Labour Party officials said they

and Gaza Strip.

be honorific or carry manage-rial responsibilities. But K. N. Modi busied himself more with political lobbying than he did with day-to-day manage-

ment.
His three sons have direct responsibility for only two

responsibility for only two companies

The conflict pitches the five sons of Gujar Mal against K. N. and his three sons. It seems to have erupted over jealousies on the K. N. side arising from the fact that as the group rapidly expanded they were getting less of the pie.

K. N. Modi now wants management control of the group's companies to be split in an "equitable" way. "Each side would get its share of the high profit, average profit and loss

profit, average profit and loss making companies", he argues. But B. K. Modi, the most vociferous spokesman of the other branch of the family, says management control should lie where it is today. That would mean that K. N.'s immediate relatives would end up with little more than Modi Alkalis, Modi Champion and a share in Modi Industries, the

share in mon industries, the original family concern.

Although the case of Modi Rnbber is now before the courts, both sides have lobbled intensively within the Administration. K. N.'s strength is that this is turf he knows well. What the Government says will determine the attitude of the financial institutions who have such a large stake within the group.

Common sense would suggest an early compromise. But the difficulty of disentangling the complicated cross-shareholdingsthat have accompanied the group's expansion is that share sales would involve heavy tax payments.

Meanwhile bankers believe that the group will lose out on new industrial licences and have difficulty in raising funds while the quarrel goes on. The financial institutions, worried by the future, are also increasing their stake and putting more nominees on the board of Modi companies. As one distinguished Indian

commentator has said, the quarrel is like the Indian fable of the two cats and the mon-key. The cats call in the mon-key to decide on how to divide their food between them. But the monkey runs off with the food.

On Monday, Mr Peres and Mr Yitzhak Rabin, the Defence

Minister, injected the only potentially new element into the campaign with a condi-tional offer to hold local elec-

tions in the West Bank and Gaza Strip, to allow Palestin-ians to choose their own repre-

sentatives for peace talks with Israel. But the proposal was attacked by Likud and received

a dusty response from the Pal-estinians themselves.

moving quickly to take elec-toral advantage of the Supreme Court's upholding of s ban on the participation in the elec-tion of Rabbi Meir Kahane's

neo-fascist Kach party. Kach had been expected to win up to four seats in the Knesset, seats

which could prove vital to Likud's chances of leading the

Mr Shamir is, meanwhila,

British Gas pricing attacked by **Monopolies** Commission

Maurice Samuelson in

BRITISH GAS was conde

The commission's repe endorsed yesterday by the Government, said that British Gas's pricing policies repre-sented an abuse of its monop-oly position and acted against the public interest.

It proposed that the corpora-tion's licence under the Gas Act (1986) should be changed to bring it under closer control by the Office of Gas Supply (Ofgas) in the industrial mar-ket. It also said the company must publish a schedule of industrial prices and that its position as sole purchaser of North Sea gas must be ended. The commission rejected British Gas's complaint that the changes would contravene the Gas Act under which the corporation was privatised nearly two years ago. Changes should be made even though relativefy little time had elapsed since privatisation, the

report said. The report was also unsympathetic to a claim that the measures would reduce British Gas's £290m profit from the industrial market to almost

The report said that, in historic cost terms, the return on assets made by British Gas in the market for uninterruptathe market for uninterrupta-ble supplies of gas was 28.3 per cent last year. If this was profit made by abuse of a monopoly position it was wrong that it should go to British Gas's shareholders, the report said. British Gas's pretax profit last year was a little

The commission found that British Gas varied its prices by as much as 10p per therm from a maximum of 34.4p depending on the ability of the customer to turn to alternative fuels and the use to which the

which may affect relative prices, we believe that high UK gas prices are cause for dations were intended to bring UK industrial gas prices down relative to those in other EC

mended that British Gas should publish much more detailed information about the prices it would charge to potential competitors for use

Lord Young, the Trade and Industry Secretary, said in answer to a Parliamentary question that if British Gas did not agree voluntarily with Ofgas to a change in its licence, he would use his pow-ers under the Fair Trading Act to enforce a change. New regime, Page 18

were swaiting a possible statement from Jordan's King Hussein which could boost the day from Jordan, and it was not clear what the King could usefully say in the light of his Irish groups face UK broadcasting curb

Suicide car bomber kills 7 Israeli troops

SEVEN Israeli soldiers were completed their withdrawal party's electoral chances. The July 31 decision to disengage

THE BRITISH Government

yesterday introduced nsw restrictions on the broadcasting of television or radio interviews with representatives of Northarn Ireland terrorist groups or their sympathisers.
Mr Douglas Hurd, the Home Secretary, said they would apply to paramilitary organisa-tions proscribed in the UK, such as the Irish Republican Army, the Irish National Liberation Army and the Ulster Volunteer Force and to Sinn Fein, tha IRA's political wing, Republican Sim Fein and the

which are legal.
However, the curbs do not cover statements made in parliament and have a "more limited effect" during elections. They do not apply to newspa-

per interviews.
The measures are likely to have greatest effect on Sinn Fein, which has one alected member of the UK Parliament, Mr Gerry Adams, who has not taken his seat, and about 40 local councillors in Northern

The curbs, which form the first in a series of planned measures designed to strengthen

WORLD WEATHER

action against terrorism, were welcomed by Conservative and most Nortbern Irish MPs. They were also welcomed in the Irish Republic, which has operated similar restrictions on broadcast appearances since the early 1970s. Dublin is understood to have complained to the British Government in the past over the broadcast of interviews on the BBC and ITV, Britain's indepent televi-

However, the restrictions ware attacked by opposition Labour MPs and the broadcast-

The BBC said last night that ths move "set a damaging pre-cedent" and would make its coverage of Northern Ireland affairs incomplete. The corporation added that it had always operated stringent guidelines on the broadcast of interviews with representatives of terrorist organisations.

Mr Adams, the single Sinn
Fein MP, said in a BBC radio
interview broadcast before the

announcement that the Gov ernment was trying to pretend that the problem of Northern Ireland did not exist. Editorial comment, Page 18

Yugoslavian politics

Continued from Page 1

led by Mr Milosevic, Serbia's powerful and charismstic leader, have called for mass resignations of incompetent officials

Serbs are expected to continue pressing for the expul-sion from the Central Committee of Mr Azim Vlasi, an ethnic Albanian who is considered the political strongman of the province of Kosovo.

Nationalist Serbs have repeatedly accused Mr Vlasi of turning a blind eys to tha

alleged persecution of Serbs by the ethnic Albanian majority. But yesterday, in a forceful speech, Mr Vlasi hit back at what he called "the props-ganda and political machine", a direct reference to the Ser-bian media which is now Mr Milcewic's mouthnice.

Milosevic's mouthpiece.

In what appears to be a compromise, the Central Committee agreed to set up a special commission which will assess Mr Vlasi's political record as well as those of other Mesons. well as those of other Kosovo officials.

By Max Wilkinson and

by the UK Monopolies Com-mission yesterday for its high and discriminatory prices to industrial customers.

over £1bn.

gas was put. It noted that industrial gas prices had fallen, relatively sluggishly after the decline in oil prices two years

It added: Despite the diffi-culties in making price com-parisons, and various factors

The commission also recom of its pipelines.

The company was also told that it must not charge higher tariffs applicable to the domestic market to companies with several smaller sites.

Brussels not to backdate bank pacts

Continued from Page 1

ate in foreign markets on the same basis as the enterprises of those countries. Refining the concept in the negative, it said reciprocity did not mean that "all partners must make the same concessions nor even that the Community will insist on concessions from all its partners."

The necessary replacement of certain national import

restrictions by Community measures, after 1992, would not result in a higher level of protection than exists at present, the Commission said. It also served notice that reciprocity would be examined in the service sectors of transport, tele-communications and informa-

Reciprocity might even be considered if the Community were ever to agree on common EC rules for takeover bids. "The possibility of including provision for obtaining compa-rable conditions for Commnnity firms in the non-member country concerned should be considered in cases where a firm from a non-member country is the purchaser," the state ment said.

THE LEX COLUMN If you see Sid, warn him

If you see Sid, tell him he's been sold a pup. The message so painstakingly drummed into him two years ago was that British Gas was entering a new era freed from Government interference, with a third of its business in the lovely unregu-lated industrial market. The story went that competition there was free, and that there was scope for growth. Now, the Government has decided that this business is also a monop-oly, with the result that British Ges could lose its entire \$291m profit from that sector.

The modest 4.5p fall in the

shares to 169.5p yesterday shows what happens when the crucial numbers are huried towards the back of a 138 page report. More important, though, it suggests the market is no more prepared to be pushed around by British Gas's cries of agony than was the Monopolies Commission. Away from the negotiating table, British Gas seems less convinced that the damage will be quite so bad as that; and half of its earlier estimate seems more like it. While the com-pany itself may not yet know how big the loss will be, it has every incentive to paint a bleak picture now in order to surprise everyone by its own endeavours later.

At worst, British Gas may have lost the best part of a year's profit growth, and be left an investment rather more closely tied to the oil price. Should it decide to spend £1bm on Lasmo, its earnings outlook will be still flatter. However, as the shares were not allowing for much growth anyway a p/e of 7 and a yield of about the same - today's more considered reaction should not be

The Government's decision will have sweetened all those customers who were previ-ously being taken to the clean-ers by British Gas, the cost is to alienate the investing public. Future buyers of electricity and water shares are duly warned: investing in privatised monopolies is not the safe bet it is cracked up to be; how much money the companies make continues to be, above all, a political matter.

Gold Fields

Consolidated Gold Fields must have been mightily pleased to find its complaints about the distortion of its share register taken seriously by Lord Young – indeed, serithe highly unusual step of avoid such breaches in future launching an investigation at a may be less accommodating

Hawker Siddeley FT-A All-Share Index

1980 82 84 86

time when the outcome of the bid is still very much in the balance. In theory, though, the DTI inquiry could trundle along for months without dis-turbing hostilities in the slight-est. It is difficult to see grounds on which the Takeover Panel would intervene in a case which primarily involves allegations of insider dealing. And although Gold Fields's aim is clearly to increase pressure on the OFT to recommend a Monopolies Commission reference, it is far from obvious that yesterday's move will make the OFT any more willing to come to Gold

Fields' rescue.

The company is hoping to argue its case for a reference on grounds of public interest as well as competition — and heaven knows, the former can be interpreted where widely be interpreted very widely indeed. With such a weight of political content to the arguments, perhaps Gold Fields's point about shareholder equality will indeed carry some influence with the OFT, but it is very unlikely to be the decid-

Smith New Court

Yesterday's Takeover Panel ruling on Smith New Court is perhaps the sharpest rebuke yet handed out to a post-Big Hang investment house for a breach of Chinese walls. The loss of exempt status for three months will be no great hard-ship in itself; it only bars Smith from making markets in clients who are actually involved in a bid, and it has less than 30 corporate clients in all. But the publicity will not make new corporate business easier to come by, especially if clients are cynical enough to calculate that an

than others around the Square

Times are hard in the broking business, and it cannot be hoped that rule-breaking will be stopped entirely. Reversion to a single-capacity johbing system, for instance, would only solve part of the problem. Corporate advisers will always be tempted to help their clients, as Smith did Ruberoid, when they command blocks of stock in either bidder or target. Well before Big Bang, it was not unknown for merchant banks to call on funds under management to swing a bid either way, and it will doubtless happen again. Times are hard in the brok-

Hawker Siddeley

It is tempting to think that yesterday's nearly 2 per cent rise in the Hawker Siddeley share price marks the beginning of a long-awaited re-rating of the company's shares. But in the short term at least, the nptation probably ought to resisted.

Hawker Siddeley eeems almost certain to come off its extended profits plateau once and for all this year, and the next few years should see it comfortably better past performance. And although it is difficult to isolate the impact of recent acquisitions, their contribution to profits is clearly increasing if not exactly at a stunning rate. But with the stock already on a prospective p/e of 10, it is neither cheap enough to attract the parsimo nious, nor dynamic enough to merit much of a premium. And for those who want to buy high yield and low risk, Powell Duffryn is just as conservative and ylelds at least 1½ percentage points more.

Abbey Life

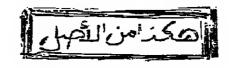
Today's expected announcement of a link-up between Abbey Life and Lloyds Bank will call for fast reactions from the market makers. If, as rumoured, Lloyds is to hand over parts of its financial services side – estate agencies, life business or whatever – it matters a good deal how it is paid. Xesterday's 13p fall in the Abbey price suggests that Lloyds might take a friendly share stake, thus haffling hopes of a bid for Abbey; if it takes cash, the idea of a Lloyds rights issue would recede even further. And depending on how the deal is structured, Lloyds may dispel the suggestion that whole area of estate agency and endowment mortgag

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SECTIONIV

FINANCIAL TIMES



in an era of change, the year 1992 will be significant for some lawyers while irrelevant to others.

Among solicitors big City firms are prospering, but those who depend on legal aid feel the pinch. The Bar has long-term problems. Many of these developments are

irreversible, argues Marcel Berlins

The 1992 conundrum

praise, barristers and solicitors have rarely been so divided; their showdown is still in its early stages. Even within the solicitors' branch a gap is growing, not unlike Britain's two nations" chasm, that threatens - or promises -irreversible change to the structure and work of the

Within the great drama that will determine the future of the legal profession, the scene entitled "1992" is likely to play a small part. Some lawyers will find it of critical significance; for the majority it will be of minor interest and limited relevance. As one small-firm solicitor remarked: "Never mind 1992; the question for me is whether I can survive 1989.

On the surface, solicitors have never had it so good; but that blanket assessment dis-guises an increasing, and wor-rying, polarisation within the profession. At the top, the big City and provincial firms can hardly cope with the demand

Mary Services

NESS

NEVER IN its history has the legal profession been so uncertain about its prospects, so confused shout its purpose and so polarised in its views about the future. Behind the veneer of politicness and mutual residual clients are finding it a struggle to make a living. struggle to make a living.

The message emerging from a recent conference of solici-

tors practising in the criminal field was simple and gloomy: unless the government was prepared to raise the level of fees payable to solicitors for criminal legal aid work, large numbers would quit doing it altogether. Already, over the last two years, the exodus from criminal work has been significant; it could become a rush. At the same time, the governnt is scheming to keep legal aid expenditure under control by, in effect, transferring some of the advice-giving work from solicitors to agencies like the citizens' advice bureaux. And in spite of the house-buying boom, an average solicitor's income from conveyancing is no longer able to subsidise his less profitable activities.

For many, survival means merger. The headlines have concentrated on the megadeals creating 180-partner City firms like Clifford Chance and, soon, the nationwide six-centre



The Legal Profession

most frantic amalgamation activity has been among medi-um-size firms, especially out of Lendon. With the mergers have come a hard look at the profitability of various areas of work, and an inevitable shift towards the more rewarding corporate commercial and financial areas at the expense of the individual in trouble. The solicitor as salesman - of property and of financial services - is taking over from the solicitor as a source of help for

the disadvantaged.

The plight of the little solicitor is a world away from the almost embarrassing success of the big City firms. The buoyant national economy, coupled with Big Bang, has sent the graph of solicitors' workload. fees and profits climbing off the page. Last October's crash proved only a minor blip in the inexorable rise. It is no longer a problem of where to find the clients, but rather of how to attract enough good qualified staff to do the work rushing in. Cut-throat competition for future articled clerks has led to starting salaries approaching £20,000 a year in the City. The poaching of solicitors

from other firms - or even of

whole departments - is no longer the unimaginable bad manners it was once considered to be; and more and more barristers are being tempted to switch over by the security, huge salaries and perks being offered to change sides.

The Bar, now numbering nearly 6,000, has gained less from the factors that have so dramatically boosted solicitors' business. To some extent barristers have been the main sufferers from the success of the other branch. They are losing out to the solicitors in recruiting young people (they cannot match the immediate financial rewards offered), they are losing their own colleagues who have been tempted to cross the divide and they are losing advice work which previously would have come to the Bar but which, with the increasing size and specialisation of solicitors' firms, is now being handled in-house.

The future of the barristers' monopoly of rights of audience in the higher courts has been the most widely publicised issue, but it is not necessarily the most important. Lord Mackay, the Lord Chancellor, has been shooting delicate arrows into the arena. His

deliberately teasing hints can be interpreted to mean virtu-ally anything from radical change to minor tinkering. But even if barristers lose a large slice of their right to plead in the Crown Courts — es recom-mended by the Marre Commit-tee — the practical effect may not be disastrous. Most solici-tors will keep using barristers because it makes sense financially. Quite simply, it is usually cheaper for a solicitor to pay a barrister to spend a day in court than to waste his own more valuable time on crimi-

nal work.

But in the longer term, the Bar's difficulties are serious. To some extent barristers have only themselves to blame not for what they are doing now, but for decades of past complacency, obduracy and lack of foresight. The last few years have seen a strong wind of change, in both attitudes and action. Barristers realise that they cannot sit back and expect the work to come in. They have begun to advertise their chambers and to market themselves. A young barrister's education, professional training and pupillage have improved, Strenuous recruit-

ment to the Bar (on merit, not on whom-you-know) is being accompanied by greater financial support — through loans, grants, awards and bursaries — to cushion the difficult years of entry, and the Bar's le accept that they will soon have to pay pupils in the way that solicitors pay articled clerks. Many of the traditional Spanish customs — like QCs

having to appear with a junior barrister and barristers having to be accompanied by a solici-tor in court — have been abandoned or are on their way out. Dickensian quills have been replaced by Amstrads. The will of the Bar to change

and adapt is not in doubt. The question is whether or not it has come too late to save it in its present form. The two-tier system, with a strong, independent pool of specialists available to the large body of generalists, is likely to survive. In what form, and what size, is less easy to predict.

Where, in this professional turnoil, does 1992 fit? For the legal profession, there is nothing magical about that date. It is a convenient psychological target, but heralds no great

Continued on Page 2

Celia Hampton looks at the changes since Big Bang

Breathtaking growth rate

THE CITY of London's Big Bang was not so much an event in its own right for law firms as a symbol and symptom of a change that had already started. Its moving force was the inter-nationalisation of the financial world, already encouraged by the dismantling of restraints on capital and

Big Bang opened London's markets to outsiders and welcomed advisers from abroad. The City could not afford to exclude the world's financial power-houses if it was to keep its place in the global markets, let alone gain the desired ascendancy. It generated a temporary spate of legal work while the City establishments realigned themselves as conglomerates and new arrivals settled in. The demolition of barriers

between trading, stockbroking and advising, which happened on October 27 1986, brought on a surge of equity-related activity – flotations, privatisations, new issues, rights issues, takeover hids and so on. This led to a year-long explosion in legal work, with the lawyers barely able to cope. Black Monday — 51 weeks

later - caused anxiety at the time, but in fact gave lawyers something of a respite. Flotations were scrapped and underwriting became impossible. Continuing liquidity, however, enabled the corporate world to bounce back within a short time, using debt rather than equity. Growth was maintained by the law firms, but at a more

manageable speed. These were developments separate in themselves from the movement for more investor protection, though the two are connected, both conceptu-ally and in practice. The legal-ism of the Financial Services Act has meant a lot more work for lawyers, but the proportion of growth attributable either to the Big Bang or to the FSA regime is obscured by the overlap. The overall rate of growth,

by any measure, has been breathtaking.

Lawyers who practised corporate law in the 1970s ame active in the field in the 1980s, and hyperactive after 1986 – a condition they seem profitably doomed to The work was already there, for English law has always been chosen to apply between some borrowers and lenders who have nothing to do with the UK. Work done by London law firms on the international capital markets was not greatly affected by the Rig Bang as such. Linklaters & Paines, for instance, who speci-alise in this work, experienced a decade of steady growth,

very temporarily interrupted by Black Monday.

The Big Bang brought a need for this sort of expertise to the domestic corporate scene. The law governing financial and corporate deals did not essen-tially change. The change for the lawyers has come rather from the new international element, added regulation and new tactics.

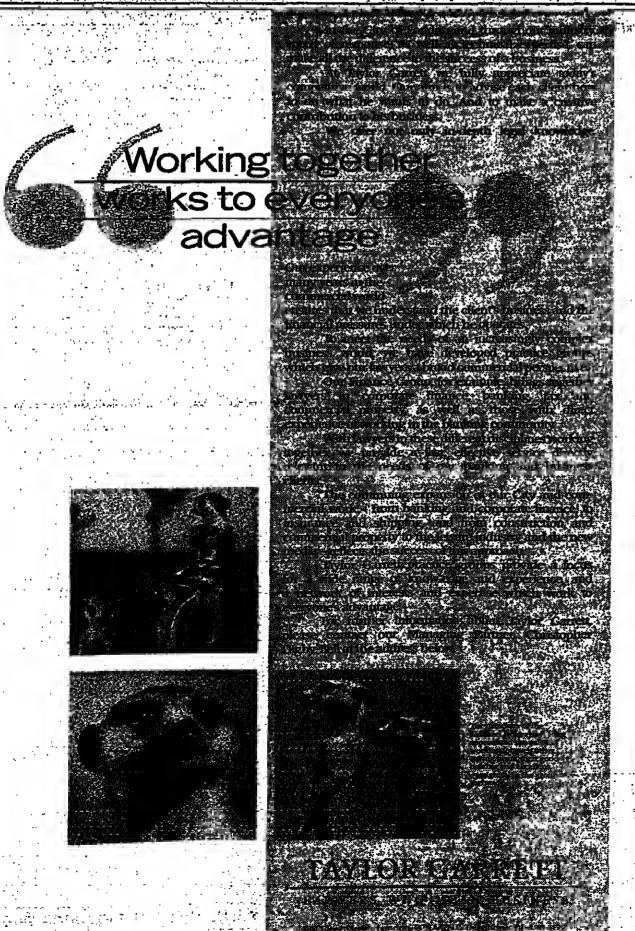
Internationalisation calls for knowledge of other countries' laws as well as, increasingly, the law of the European Community. It makes it cost-efficient for the biggest London law firms to open branches across the world. Nowadays the sun never sets on Clifford Chance, with offices in the three major time zones and seven more in between The practical efficiency of Baker & McKenzie's international partnership has come

into its own. Other law firms form links with leading local lawyers in other countries. It might take a UK intruder years to become a serious match for the local competition, and co-operative arrangements have the advantages of economy, close contact with another legal culture and reciprocal refer-

ence of clients. A new regular feature in company and financial work is regulatory advice. Since the 1930s, it has been the US lawyer's expectation to advise on compliance with adminis-trative rules. The London lawyer used to concentrate his advice on the transaction in hand, mainly its commercial

Mr Tony Humphrey, a partner in Allen & Overy, notes the substantial increase in regulatory advice as a regular part of the corporate department's now permanent workload.

Continued on page 2



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The conundrum

of 1992

Continued from Page 1

events, it provides a spring-board for the Law Society and

the Bar to try to raise the con-sciousness of their members to

the opportunities offered by the changes that 1992 will bring to clients and potential clients; but the results, given

the nature of lawyers, are not likely to be dramatic.

English lawyers (from both branches, and whether based in London or in the EC) are already easily the most promi-

nent exporters of legal services

within the Community. Their presence in Paris and Brussels

especially has been innovative

and rewarding. The 18 or so solicitors firms in Paris have

carved out a highly remunera

tive market in EC and interna

tional corporate and financial advice, to the rage of French

lawyers who, through their

government, are retaliating by trying to restrict foreign law-

opposite of the spirit of 1992. The truth is that there is no

single free market for legal ser

vices now, and there will not be one in 1992. There are, and will continue to be, a variety of

arrangements allowing lawyers - in carefully defined circum-

stances - to transcend

their services in other member

states. Some of the rules are

already in force. Others are under current negotiation,

with 1992 as their target for

A 1977 European Commission Directive allows British

lawyers to appear in foreign courts, provided they are

yers' right to practise

cates have appeared in English courts, as has one Dutch law-

yer (to general praise) and French avocats defending their

A 1985 draft directive on the mutual recognition of diplomas and professional qualifications has been more controversial. In its original form, it would have allowed foreign lawyers

easy entry into UK professions

For once, British protests were heeded, and the new and stricter version would require

the lawyer from another mem-

ber state to take examinations set by the local professional

bodies. The exact details are

Reaching agreement on the rights of establishment of law-

yers - allowing lawyers of one

member state to set up practice

in another - has proved more

difficult. In particular, under

whose rules and discipline does

the lawyer operate - those of his own British-professional

body's or of the authorities of

the state in which he is practis-ing? The irony of 1992 is that, quite possibly, English lawyers wanting to set up elsewhere in the EC will be under more

restrictions, not fewer. Far

from opening up new frontiers,

Whatever its exact detail.

the brave new world of 1992

will provide the English legal

profession with an opportunity

for gradual growth rather than

explosion. 1992 will be no revo-lution; that, for lawyers, is tak-

The illustration by Feliks

ing place on different fronts.

still heing discussed.

Patricia Wynn Davies on the advantages of smaller or provincial solicitors' firms

'They'll come round in half an hour'

solicitors for "City" work? Mr Cecil Buckett, finance director of Birmingham-based engineer ing company Newman Tonks, puts the question the other way round: "Why choose a big London operation? We see no advantage in having someone 150 miles away when we can have someone who is cheaper and can offer us all the ser-

vices of a City firm."

Mr Buckett instructs 25-partner Wragge & Co of Birming-ham, one of the 30 or so medi-um-sized (in London terms) firms in the regions that offer City-type company and com-mercial services for public and private company clients. Firms, and clients, say that

it is not just a question of the up to 50 per cent price savings. compared with London rates which provincial firms believe they can offer their clients. As Mr Fane Vernon, British Dredging chairman, who uses 20-partner Phillips & Buck of Cardiff, points out: "If you want them, they'll come round in half an hour; partners will come and the right partner will

Judging from a straw poll of 10 firms, not necessarily the largest, in each of the regions (including, as one firm putit, the "no longer so depressed" North-East) provincial com-mercial practice involves a good deal more than drafting agreements and servicing the one-man start-up business. And regional firms, along with numerous "small" London ones, seem to have mopped up their fair share of the huge growth of invisible earnings spawned by innovations like the Unlisted Securities Market, the third tier and the Business Expansion Scheme, the surge of venture capital activity and the birth of the management

commercial work varies from

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HARCOURT

26 per cent of turnover in some firms to over 50 per cent in others, with hefty amounts of commercial property work plus tax and litigation on top. But mergers and acquisitions, flotations, other forms of financing. buy-outs and mainstream work for public companies are becoming the staple diet of many a provincial company

Beanty parades, against City of London firms as well as regional competitors, are de have also contributed to high levels of new business, helped along by the relaxation in solicitors' marketing rules and, most importantly of all, a weakening of the old bias towards the City.

According to Mr Clive Gar-

ston of 12-partner Halliwell & Landau, one of the half-dozen commercial firms in Manchester: "All the institutions and major introducers of business are now very keen to instruct

Provincial firms have all suf-

fered from pro-London leanings

in the past. Some, like 50-plus

partnership Alsop Wilkinson

(the numbers were enhanced

by a May merger), with offices in Liverpool, Manchester and London, have taken steps to

stem the flow to the capital.

We have always perceived the

drift of work to London," says

Mr Derek Morris, a partner.

And contrary to popular myth,

he says, "in Manchester partic-

ularly, we compete not only

among ourselves but against

Legal Resources Group (lat-terly Information Club) of sepa-rate but linked commercial law

firms, along with Dickinson

Dees of Newcastle, Pinsent & Co of Birmingham and London,

and Simpson Curtis of Leeds. Eversheds, a planned "Partner-ship of Partnerships" group has a foot in the capital toe, via the London branches of

member firms Evershed &

Tomkinson of Birmingham and Daynes Hill & Perks of Nor-

This firm also belongs to the

London firms as well."

Few medium-sized firms believe that the market they have cornered will do anything except grow. Black Monday was only "a slight hiccup, a chance to draw breath"

Another heluful trend is the decentralisation of major companies and banks. Wragge & Co and 20-partner Hepworth & Chadwick of Leeds, regional solicitors for Lloyds and Nat-West respectively, are among the happy beneficiaries of that

Less exclusively commercial and more "all-purpose" firms such as Mills & Reeve Francis, with 37 partners in Norwich andCambridge, are benefiting from the tide of easier money too. The new markets, BES and the growth of venture capital activity have focused minds

on expansion," says Mr Ian Alexander Sinclair, a partner. The upshot is flotation work - one fully listed and two USM companies in the recent past - and lots of BES prospectuses alongside mainstream company and commercial activities.

Regional characteristics the presence of merchant banks, stockbrokers and the big eight accountants in Manster, diversification of the old industries in Leeds, green-field activity in South Wales -

wich (other members are Alexander Tatham & Co, Manchester and Broomheads, Sheffield). Most of these firms are viewed as large by provincial standards; London ones with **REACHING NEW HEIGHTS** fewer than 50 partners are merely medium-sized. Mr Robert Harman of Travers Smith Braithwaite, one of the smaller firms in the Square Mile most

> in everything. "At our size, you can't. We stick to certain areas and aim to do them well, concentrating on efficiency and speed.". Though well-known as official solicitors (with others) to the Stock Exchange and NatWest, the firm's niche is acting for

Continued from Page 1

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Advice on Financial Services Act implications features in

almost every corporate trans-action. An additional factor noticed by Linklaters is the

admired by bigger City folk,

says that the key to success in this league is not to specialise from the conflicts of interest," which in turn means plenty of work for brokers and merchant

Further down the London size rankings, Nicholson Gra-ham & Jones, with 16 partners, is distinctly small by City stan-dards. But it does not seem to be a major drawback. Historically, the firm's niche was the entrepreneurial client - Mr Robert Maxwell is one of the better known. As Mr Richard. Herbert, a partner, admits. "one or two of our entrepre-neurs have come good." Nowa-days, with some clients' profits topping £100m a year and big name merchant banks among its customers, it competes much more directly with the

City giants.

Medium-sized firms are suitably modest about their achievements. Few claim to have more than a handful of very big public company cli-ents, or that they have any real reputation in transactions with a strong international flavour or in the more sophisticated forms of financing, though most would buy in the exper-tise if Eurobond deals started

coming their way.

Equally, few believe that the market they have cornered will do anything other than con-tinue to grow. Black Monday proved to be only a "slight hiccup" giving, as one put it, "a chance to draw breath."

The main niggle of the outof-towners, though times are changing, is to do with the attitude of the merchant banks, which tend to steer potential company clients towards the capital. "The City's magic cir-cle," says Sir Derek Bradbeer of 21-partner Wilkinson Maughan in Newcastle, "still exerts a firm grip." That may change. As Sir Derek observes, convenience for the merchant bank is not necessarily conve-

The smaller firms have developed the expertise, the partner-power and the back-up by rapid internal expension or by merger. A product of a recent marriage is 27-partner Veale Wasbrough, one of Bristol's three commercial firms. "The work which the two firms were doing needed greater resources in terms of numbers of people – we had both struggled on occasion –

nience for the client."

John Price, a partner.

But attracting new blood is a problem and just at the moment London firms are doing rather better out of the recruitment crisis in the solici-

increased involvement of bank-ing regulation in most corpo-

rate transactions as a result of

Black Monday's replacement of equity by debt as the main source of finance.

The increasing complexity of the transactions themselves and the hahits brought into

London by the new entrants, especially from the US, have added to the lawyer's load. For instance, the securitisation of

debt is now normal rather than exceptional. UK lawyers have readily adapted to any new ideas, hut it means that each deal is legally more complicated, while still having to be done within the same time-scale.

time-scale.

London law practice has also been touched by some of the US lawyer's home habits, such as early recourse to litigation.

It is now quite normal for

someone to go to court during a contested takeover. That was

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incommon in 1985.

A breathtaking growth rate

and in terms of experts in spe-

cialist areas," explains Mr



Robert Maxwell, after whising demages test March in the High Court for "serious libels" in an unauthorised biography

One way of meeting the twin attraction for staff lies in low demands of specialist expertise and the high levels of training needed to attract (and keep) able recruits is the device of the linked practice. Wrange & Co is a member of the M5 group of firms along with Mills & Reeve Francis; Addleshaw Sons & Latham, Manchester; Booth& Co, Leeds; Burges Salmon, Bristol and Bond

Pearce (Plymouth). "The principal benefit is the training and back-up, the ability to call on other firms, and

structure," says Wragge part-ner Mr John Crabtree. Medium-sized firms believe

Their recruitment problem is well publicised, as is their

propersity to merge with each other. Firms of all sizes have been affected, though the market leaders in corporate and financial work tend also to be empty the largest in size.

be among the largest in size.

Among the slightly smaller firms — yet still huge by

European standards with 150

lawyers – Turner Kenneth Brown's experience is illustra-

tive. The corporate department

has grown 50 per cent over the past two years. According to

From an overnight

typing service to

a 24-hour office

Mr David Wightman, the

senior partner, this has contin-ued the previous trend but with a rapid acceleration. He

sees no prospect of demand falling off.

The firm is looking for about 30 recruits a year. From the use of an overnight typing service at the beginning of the

1980s, the office is now open 24 hours a day, seven days a

Allen & Overy has experi-enced accelerated growth for a good five years, but in the last two years the corporate department has exceeded the

norm. In 1987, the number of

overheads and hence costs, in the degree of partner contact and in strong personal rela-tionships with clients. Most agree that too much growth too soon could upset the bal-ance and cause ripples in the market place and in the war "Some firms just throw

sheer numbers of partners and assistants at deals," says Mr Herbert of Nicholson Graham & Jones. "That can mean diffi-culties with co-ordination, unhappy workers and astro-nomic fees. We have to keep that very much in mind."

The writer is editor of the

fee-earners increased overall by about 25 per cent; the corporate department expanded by

In the last two years, the commercial side of the practice has grown more than 50 per cent. The firm is looking for about 60 recruits a year. A 12-hour working day is not abnormal for lawyers, especially those in the comment and

those in the company and banking departments.

Linklaters specialises in company and financial work, with about half its lawyers working in these fields. Big Bang put uncomfortable pressure on the firm to extend

Bang put uncomfortable pressure on the firm to expand its domestic corporate capacity, according to Mr James Wyness, the managing partner. Since Black Monday, this has eased. Over the last two years, the corporate department has grown by about 40 per cent, and the present rate of acceleration is strong but bearable.

A peculiarly encouraging outcome of Big Bang has been Linkiaters' welcoming back of some of the lawyers who defected to City institutions at that time. Of course, the firm benefits from their broadened experience and their renewed

experience and their renewed

enthusiasm for private practice, but accomplishing this without resentment is a revealing insight into the business management of a law

Topolski is one of too repro-duced at £85 as screen prints on behalf of the Dévelopment Foun-dation, National Hospital for accompanied by a local lawyer. That concession has been used only three times. The recipro-Nervous Diseases, Queen Square, London WCI 3BG cal entitlement has also been rarely used - a few Irish advo-Brooke North and Goodwin

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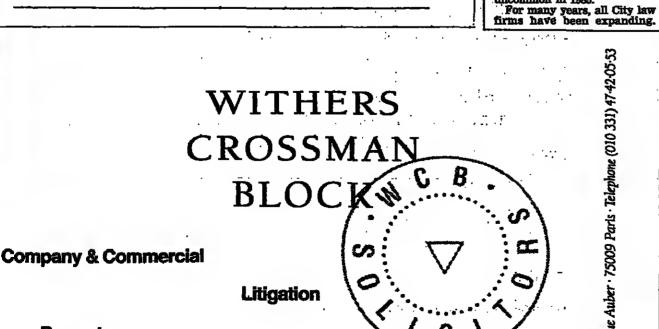
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LEGAL PROFESSION 3

particularly solicitors, must other prefessional and non-prefessional advisers.

Nevertheless, the challenges sense of bewildered paranola. They have seen the whole concept of the established professions come under attack from the government, the Department of Trade and Industry and the Director of Fair Trading, on the basis that the rules and regulations of the professions are restrictive and

anti-competitive. At the same time, they have watched as the government has sought and in many cases succeeded in encouraging selfregulation in various commercial areas as well as imposing the most complex rules and regulatione in respect of investment business. Small wonder then that the government is perceived as encourag-ing professions to become businesses and businesses to

become professions. Scottish solicitors have possibly viewed these recent developments with greater incomprehension than other professions. Solicitors north of the border have a long tradi-tion of being-"men of busi-ness," it being recognised that only a proportion of their professional lives was concerned with purely court matters or questions of law and that they also played an active-role in the commercial and domestic lives of their clients. Accordingly, solicitors have for many years seen themselves as

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Nevertheless, the challenges implicit and direct from those in or connected with the legis-lature have resulted in a fundamental re-appraisal by the solicitors' profession of its role

in society.
One of the most recent of these challenges came from the Secretary of State for Scotland through the Scottish Home and Health Department's discussion paper entitled "The Prac-tice of the Solicitor Profession to Scotland." Included in the paper was a proposal that solic-itors should be permitted to form partnerships with other professionals, such as accountants, to offer combined professional services under the name of Mixed Disciplinary Practices (or MDPs). The fiercely negative response of the Law Society of Scotland, issued in July, which sought to highlight the key points which distinguish the solicitor profession from others, has assisted in focueing the general

re-appraisal process.
As a result it has been rediscovered that the traditional approach of the solicitors was for the benefit of the clients and the public at large and was not a trade barrier. The basis of the profession has been in many ways a precursor of the consumer protection legisla-tion that has dominated the statute books of the past two

Prof J Ross Harper on the outlook for Scottish solicitors

No longer on the defensive

in arguing against MDPs, the Law Society has pointed to the fact that professional regulaflons imposed on solicitors derive from the objectives of retailing the independence of lawyers, the solicitors vital contribution to the administration of justice, the rights of the clients to demand confidentiality, the availability of legal advice in all areas of the law (even the less attractive and remunerative areas), the clients' freedom of choice, and maintaining financial safeguards, all of which objectives are based on the need to provide practical consumer

The Law Society is expected to respond in the near future. to the Department of Trade and Industry's green paper on restrictive practices, which admits that it finds it impossi-ble to evolve a concept dealing with customer and public interests alongside the four stated commercial concepts against which exemptions to the general prohibition against restrictive trade agreements

are to be judged.
Notwithstanding, the department's declared intention is to challenge the regulations and

controls of the professions in the same context as commercial agreements failing to appreciate that the controls of the professions are of the same character as consumer protection legislation and frequently derive from a statute intro-duced by parliament. There are signs that the pro-

fession's uncertainty and defensiveness of the last 10 years will shortly be a thing of the past as solicitors have renewed confidence in themselves and their commercial competition from the banks, accountants, brokers and others, who over the last 59 years or more have expanded their operations and services (oncethe sole preserve of the Scottish solicitor) spending ever more on advertising but no more on consumer protection.

More recently, Scotish solicitors, who have always acted as selling agents for their clients' homes, have seen the introduction and growth of the estate agents offering a single style service compared with the variety of services on offer

from sellcitors. Small wonder then that despite the groans from all quarters at the massive tomes of regulations issuing from the Financial Services Act, many Scottish solicitors allowed themselves a wry smile at the attempt to enforce on others the concepts of hest advice, knowing your client, putting your client first, and personal responsibility, which the profession has always had as part of its own regulations in relation to all aspects of

solicitors' services, not just investment advice. But the challenges from on high and the growth of compe-tition in the service market have brought changes and new concepts. This is perhaps most obvious in the changes in the advertising rules imposed on solicitors. Within three years solicitors have moved from a position where advertising of virtually any description was forbidden to one where only a very few restrictions are imposed on all types of and methods of advertising. It is taking time for solicitors to come to terms with the new, permissive rules but there are signs that some firms are beginning to appreciate the breadth of marketing tools now available to them.

Marketing as a principle of

running a lawyer's office, was previously on the back burner and was thought of in terms of client satisfaction and loyalty to the firm. Here again, however, there are signs of rapid change. Whether due to increased competition from within and without the procession or simply awakening commercial awareness, firms are having far greater regard to the presentation of services and applying marketing concepts to the running of their offices. There has been considerable

change in office styles, ranging from the introduction of welcoming shop-front offices, through all types and styles of practice, upwarde in size to smart and specious premises, capable of impressing the largest commercial client, and including the introduction of some of the latest office tech-

nology.

All this is a far cry from the dingy lawyer's office beloved of the novelist and film director. Gone, or at least going, too are any remnants of the attitudes of any earlier age when a solic-itor might have regarded him-self as having some divine right to have clients, and

in its place a consciousness that it is not just a service which the client requires but in addition a particular style or service designed to cope with all the clients' needs.

The clients have also presented challenges, not least of which has been an increasing tendency to question the solici-tor's advice and actions. Unaccustomed to this, solicitors began to believe that everyone was against them, but have now come to recognise that the challenges of the Department client of today is seeking a of Trade and Industry and greater understanding of what is going on than clients of core of the profession, these

Many firms are responding by trying to anticipate their clients' anxieties and to offer the necessary information in the form of booklets, etc. before the client has to ask the question.

There is a growing sense of confidence, backed by research work undertaken by the Scottish Consumer Council, that solicitors in Scotland are providing by and large a service which the clients find satisfactory and that Scots Law itself provides a working framework capable of coping with the problems of clients in the 1980s There is, too, a sense of anticipation of renewing old ties as 1992 approachee, reminding Scots lawyers of the common ties between their legal system and historical base and those of many other members of the European Community.

estate agency/conveyancing.

commercially heavier.

appear too modest.

Alongside such growth, pleas for a permanent Chancery

court and Commercial registry

A recent survey of Scottish legal firms by the Law Society of Scotland has indicated that many envisage expansion over the next 10 years. Early signs of this include a firm of solicitors opening an office in the Falkland Islands

While Scots lawyers are energetically tackling the challenges raised in the 1980s, some problems are still clearly visible. In addition to the misplaced, but threatening, difficulties include the failure adequately to recompense those solicitors acting in the legal aid scheme and the frustration caused to many solici-tors arising from the prohibition against them having any rights of andience in the

higher Scottish courts.

The adaptability and energy of Scottish solicitors displayed in the 1980s, combined with their renewed self-confidence, may yet enable answers to be found. If not, then the work of the last 10 years will be for nought and the 1990s will see the disappearance of the professions and the arrival of teilored to produce maximum profits with minimum effort, based on self-interest and operating within an increasing network of public interest restrictions.
The author is president of the

Law Society of Scotland.

BUSINESS IS booming. That is the message that comes through from urban Welsh

lawyers, north and south. A changing economy and industrial development are taking them beyond the borders of general practice into the speci-alised realms of tax, company and commercial law. Mining and metallurgy have gone from Wales but are being rapidly replaced by newer, lighter and ore varied industries. The Welsh Development Agency and foreign investment are

producing results.

In the north, development —
mainly in the Chester/Wrexham area - consists largely of electronic and other light industries and office relocation, in the south, German and Japanese companies are investing throughout the area. The Mint and Companies House arrived some time ago, and the Patent Office is on its way. Dockland development, relocation of industry, compulsorypurchase, office developments, consequent influx of accountants, banks and financial firm of solicitors, agrees. He

institutions, are all contributing to an expansion of commer-cial practice in the law.

course, are going to the larger firms with facilities and partners to cope with expansion and specialisation. In the north the largest is Walker Smith & Way of Chester and Wrexham, with 17 specialising partners. and a growing commercial practice litigating in the Manchester, Liverpool, Birmingham or London High Courts: Little of the work is coming through to the local bar, which continues to concentrate on

crime and general practice. In the south commercial work is coming through to the Cardiff bar, and is welcomed. Mr Phillip Rees, head of Cardiff chambers, considers that the increase of Chancery work justifies a permanent High Court-sitting in Cardiff, instead of the fortnightly visit from a deputy judge shared with Bristol and Birmingham.

. Mr John Bowen, a senior partner in Morgan Bruce & Hardwicke, Wales'e largest

and the second of the second o

The main opportunities, of

Cardiff has space for courts sees Cardiff as a fast-moving commercial centre justifying a permanent Chancery court and a permanent commercial registry. His firm conducts actions all over the UK, but particularly in the High Court, including the Commercial Court.

Four Cardiff firms take commercial work - Morgan Bruce & Hardwicke, Phillips & Buck, Edwards Geldard and Edward Lewis & Co.

Morgan Bruce considers itself on a par with any medi-um-sized City of London firm, capable of handling every aspect of practice without the need to consult outside firms. or to seek advice from counsel except on highly complicated specialist matters.

distributed the state of the st

from Welsh-based German and Japanese companies; it has a healthy and multilingual over-seas property development practice, and is now contemplating a Warsaw office to cope with its Iron Curtain business.

Rachel Davies on the prospects in Wales

It also contemplates a London office or merger with a smaller London firm, not with the object of joining the battalions of City solicitors, but to be closer to the Stock Exchange and to attract investment to Wales. "We're concentrating on the Welsh economy," says Mr Bowen. The firm has three locations in Cardiff and others' in Pontypridd and Swansea, thus stressing its commitment to Wales.

The same commitment can The firm's international side be felt in the attitude of the is developing. It receives bar. Mr Gregory Taylor, a bar-instructions from Tokyo, and bers are drawn largely from the valleys and other local areas and have a particular understanding of the work and the people, which came mani-festly to the fore in the hundreds of actions which arose

out of the miners' strike. Mr Rees'e attitude endorses this. He likes to have observed budding barristers through a year of pupillage before decid-ing whether to accept them as members of chambers. "We prefer not to take London rejects," he says, "but to foster our own indigenous talent." A healthy proportion are Welshspeaking, capable of meeting any demand for Welsh court hearings, and courts throughout Wales are equipped for

two-way translation. Gloomy forecasts of firms disappearing along with the

121 No. 19.

conveyancing monopoly may yet be proved wrong. In rural areas there has been little effect so far. This may be due to the Welshman's natural susnicion of anyone who has not dealt with his family'e affairs for generations; or, more probably, to the licensed conveyancer's preference for the concentrated catchment of a

built-up area. Disappearance of the mononoly seems to have affected conveyancing practice as a whole in the sense that the prospect of competition has led to cutting of costs, increased efficiency and better value for money. Some conveyancing solicitors consider the changes are a good thing - that too many of their brethren were taking the man in the street to

however, to be a general feel-ing that other lines have to be A standard excuse for delay to the London High Court lack of court space - could easily and satisfactorily be remedied by creating looked at Mrs Barbara Rees, a consultant who recently retired as senior partner in David and edditional courts in Cardiff. With a flourishing local bar, first-class solicitors, excellent Roy Thomas, Swansea, sees a positive approach to the loss of conveyancing monopoly as essential. Her firm had a communications, plus floor space at one-third of London prices, it would make an ideal strong conveyancing practice and ran its own building socilocation for five or six or more ety. Now her consultancy prac-High Courts.

tice is based on the retail Cardiff is not e provincial industry, probate and general practice. After her retirement, the rest of the firm split. Half town. It is the cosmopolitan, cultural and commercially live, capital city of a country which remained in general practice, more than 1,000 years ago had and the other half went into comprehensive written lawe covering crime, personal inju-In urban areas conveyancing ries, family law, inheritance, firms are finding other strengths, and the tendency is women'e rights, proprietary rights, immigrants to take a commercial line. The appointment of the judiciary and including a code of conswitch-over is made easier by the coinciding industrial tract and surety sophisticated growth. Far from firms disappearing, their work is increasenough to form a sound basis of relations in any commercial ing, is more varied and is community.

There is no need to cram extra courts into corners of London when cases from most as conveniently in Cardiff.

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The increase in the stature of the inside general counsel has changed the relationship between large law firms and clients drastically. Except in crisis situations, it is becoming unusual for the two reviews in

unusual for the top pertners in law firms to have close personal relationships with the chief executive officers of their

corporate clients. To do so could be an affront to the general counsel which both the law firm and the chief

executive officer wish to avoid.

For similar reasons, it is no longer common for lawyers from large corporate firms to ait on the boards of directors of their large corporate clients.

Concern is also heard about the independence of directors,

such as lawyers and invest-

such as lawyers and invest-ment bankers, who provide ser-vices to the company. If there is a lawyer on the board now, it is generally the inside gen-eral counsel, or perhaps a law-yer whose firm does liftle or no work for the company. But quite commonly, there is no lawyer at all on the beard

lawyer at all on the board. This change in the relation-ship of law firm and client is

far more important than the loss of business caused by the

rapid growth of law departments. It is usually quite easy for well-managed law firms to adjust to the loss of business to

law departments if they have

Goodbye to fusty gentility

LARGE CORPORATE law firm practice in America has changed dramatically in the past 25 years. The most impor-tant of these changes are the decline in the barriers to entry on religious and racial grounds; the large number of women entering the profession; the sharp increase in the incomes of lawyers in these firms; and the growth in importance of inside corporate law departments.

The decline in religious and racial discrimination in law firms is part of a general trend in American industry and finance. The main ceuses appear to have their origin in World War II.

After the war, competition in American industry and finance increased sharply due to the pent-up domestic and international demand for US goods and securious A contribution. and services. A contributing factor was the large social dislocations caused by the War which dislodged the ascendancy from its grip on the economy. Another influence recognition of what had been happening in Nazi Europe, which undermined the respect-ability of religious and racial

Women benefited from the same developments, although there was a delay caused mainly by a lack of supply of qualified women. So it took time for women to become adjusted to these opportunities

lawyers.

Despite the increase in the supply of lawyers, caused by the decline in these barriers to entry, and the loss of business to inside corporate law depart-ments, lawyers' incomes in large firms have been going up rapidly. The most interesting and

The most interesting and dramatic example is Wachtell, Lipton, Rosen & Katz in New York which has a highly specialised take over and bankruptcy practice. The partners in that firm had an estimated average income of them in 1997. The main causes \$1.4m in 1987. The main causes of these high incomes are the of these high incomes are the many more hours worked per lawyer and an increase in demand for the legal services performed by large firms. In Wachtell Lipton, for example, the ratio of partners to salaried lawyers is about one-to-one, so the high incomest example, be the high incomes cannot be explained away as an exploitation of young salaried lawyers.
Discrimination and lower lawyers' incomes had been closely associated. The connecting link was a conspiracy of gentility: don't ruffle my placid life and I won't ruffle yours; and let's keep out any-one who might disturb the

peace. Lawyers, particularly

partners, usually didn't work very hard. Law firms were reluctant to compete economi-cally either by raising lawyers' salaries or by luring away part-ners from other firms.

Another important cause of

Another important cause of the increase in incomes is the star phenomenon. This is par-ticularly evident in the take-over business. Transactions are very large and the possible profits for bidders and invest-ment bankers are correspond-ingly large. For the heart and ment hankers are correspond-ingly large. For the boards and officers of targets in takeovers, the takeover premiums at stake are very high: one of the costs of takeover is usually dismissal.

Success or failure may be determined by very small dif-ferences in performance. For the consumers of this type of legal service it appears reasonable not to take even very small avoidable risks, and if a law firm has a reputation for devising ingenious bidding strategies or defences, it seems logical to pay the very high fees asked.

The same phenomenon can be seen in the very high fees and salaries of star performers such as opera singers and professional athletes. Small variations in performance or renown may make the difference between success and failure; and the economic differences between success

time. In fact, many law firms prefer to have some such limit on expansion so they can con-

on expansion so they can concentrate on the most profitable law business. The growth of corporate law departments gives them a reason to forgo business without taking the risk of losing the client. Inside general counsels have been another important influence in making law practice much more competitive. It is natural for general counsels to want to reduce dependence on a single supplier of law services. Moreover, general counsels, and inside lawyers who work for them, form close personal relationships with the lawyers from law firms with

lawyers from law firms with whom they work.

Because of these relationships, if a young lawyer decides to move to another lawfirm, it is not tunusual for him to be able to take some of him to be able to take some of that business with him. This is a big change from the days when the relationships between law firms and corporate clients were dominated by top partners who were close friends of the chief executive officers. It was much more difficult then for a young lawyer who wanted to move on to take law business away with him. who wanted to move on to take law business away with him.

Lawyers in the large American firms may be missing some important things in life. Competition and hard work are not the only virtues. On the other hand, for this lawyer at least, it would not be a pleasant choice to have to go back to the fusty gentility that used to dominate the profession.

The author is a partner in the Chicago office of Mayer, Brown & Platt.

IN-HOUSE LAWYERS

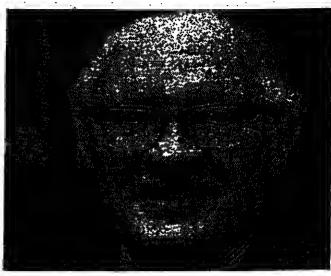
When one client is calling the tunes

number of qualified lawyers choose to work for companies rather than enter private prac-tice. Some 2,200 solicitors taking this route regularly renew their practising certificates (licences to do work reserved to solicitors), but beyond that the numbers can only be guessed at. Many more are solicitors working in a purely advisory capacity, and there are probably some 2,000 to 3,000 barristers in company

3,000 barristers in company employment.

The range and character of the work to be done by these lawyers are immensely varied. The legal department of a multinational will offer a very different career from a smallish engineering firm needing a single lawyer on its staff. No two jobs are quite allke, even in companies in the same sector, and the company's business is and the company's business is so central a part of the law-yer's work that there are great differences between sectors. Some legal tasks are much

the same as in private practice
- conveyancing or drafting
contracts, for instance. Others (especially where the work is international) are more like participation in the general business of the company.



There is an ambivalence in the position of employed law-yers. While they are paid mem-hers of the company's staff, they retain their identity as members of a profession. It sounds odd to the uninitiated. but a corporate lawyer will refer to his or her employer as "the client".

Lord Denning said of employed lawyers: "They are regarded by the law as in every respect in the same position as those who practise on their own account. The only difference is that they act for one client only, and not for several clients. They must uphold the same standards of honour and of etiquette. They are subject to the same duties to their client and to the court." (Alfred Crompton v Customs & Excise

The ambivalence was uncomfortably illustrated by a recent case commented on by the Law Society. An employed solicitor had engaged the ser-vices of an outside barrister on one of the company's legal matters. The company went into liquidation. As barristers cannot enforce their fees, the barrister's bill could not be put in to the liquidator in the normal way. Instead the barrister approached the solicitor personally. Non-payment of e bar-rister's fees is a matter for individual professional discipline by the Law Society. The solicitor had (in theory at least) to pay the barrister's fees from

The details of this case were not made public, and the facts were unusual. The problem arose from the "public policy" of not letting barristers sue for their fees, but it is a caution-ary reminder of the corporate 'e drual r

pany's team.

The need to be part of the team is important. Outside lawyers advising companies tend to be brought in on a limited brief, either on a single project or after things have started to go wrong. The in-house lawyer has to be there before detailed formulation of

before detailed formulation of the project, and to make sure that things do not go wrong. The role is not unlike that of the family lawyer of the last century who advised generally on the client's affairs. The cli-ent is less interested in what the law stops him from doing than in how he can lawfully do what he wants to do. This makes their role rather

This makes their role rather lonely for some in-house law-yers. They have to make sure the company obeys the Finan-cial Services Act to the letter, makes agreements which will not go straight to the EC Com-mission or the Office of Fair Trading as anti-competitive, observes environmental rules observes environmental rules for dangerous chemicals, and

so on. These lawyers can some-times be seen as a deterrent to commercial enterprise.

A large company will have

its own staff of experts. But, while a lawyer employed by a bank is likely to be expert in banking law, he tends to keep more of the generalist approach than he would in pri-

approach than he would in private practice — banks also build offices, hire and fire staff and hatch "1992" plans.

The external lawyer will usually be handed a ready-made problem — a share acquisition, an agreement with a European competitor, going ahead on a new factory. By the time it reaches a summetricing a competition of the com "takeover", "competition" or "planning" problem. The in-house lawyer, on the other hand, has to spot the problem, and its legal nature, as it arises. For this reason, among others, the corporate lawyer needs to know what is going

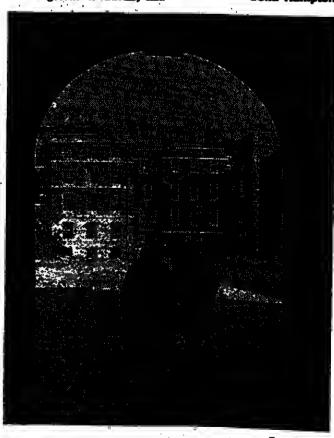
on throughout the company.

Levels of pay are published annually by Chambers & Partners, an employment agency specialising in placing lawyers. Figures for corporate lawyers compare favourably with what a lawyer in private practice can expect, especially at the start. The total remuneration for a legal assistant in industry in the 25-30 age group is about £25,000. In private practice, assistant solicitors only better this if they work in City firms (£25,000-£35,000). Beyond this, it is not easy to

draw comparisons (Chambers's figures do not include solicitors in private practice who are partners). Overall, it would seem that, although corporate lawyers may not hit the heights reached by the most successful in the City or at the specialised Bar, and national averages for industry are as misleading as averages for pri-vate practice, the salary offers a sound incentive to opt for a career in industry. Service industries are the best remu-nerated, followed by oil and banking. Engineering and con-struction, are the least struction are the least rewarded, with financial ser-vices second from the bottom of the league.

Though it is impossible to say how many achieve it, there is also the possibility of moving sideways from the legal department of a company into corporate management. Com-pany secretaryship is a logical destination, although this is rather a special enclave in the management structure. An example, however, for aspiring in-house lawyers was set by Sir David Steel, chairman of British Petroleum from 1975 to 1981 In 1980 be investigated. 1981. In 1950 he joined the com-pany's legal department as a

Cella Hampton



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IMONS & SI



The globalisation of the world automotive producers seek to

rivals by establishing a worldwide sourcing network for vehicles and components, writes Kevin Done. adjustments which lie ahead

The eye of the storm

trations for a third successive

Profits are surging and

After years of being dogged

2022

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However the boom is temporarily serving to mask the mounting challenges and pres-sures which are relentlessly redrawing the structure of the

will face a new scale of competition during the 1990s as vehicle makers from Japan, the

new stage in the global expan-sion of the Japanese motor industry, and is causing pro-

new cars in most European

pute lies the continuing confusion over framing both an external and an internal trade policy for the European motor industry as part of realising the vision of a single market in Europe in the 1990s. The issue dramatises the tensions existing between those seeking the creation of a "fortress Europe" and those accepting that the battle in tomorrow's motor

industry will be fought on a

into the US for sale under the Pontiac Le Mans badge).

The Japanese automakers are well on their way to establishing a production capacity of more than 2m units a year in North America. Cars have

begun running off the assembegin running on the assem-bly lines at several new Japa-nese plants this year including the latest, Toyota's \$800m car assembly plant in Georgetown, Kentucky, which will be capa-ble of producing 200,000 units a

he Motor

The expansion by the Japa-nese vehicle makers in the US has already entered a new phase as the components suppliers follow the vehicle mak-ers (OEMs) into the market. Most attention has focused previously on the assembly plants themselves, but they are being followed by a wave of suppliers as the Japanese build a replica of their domestic industry in the US. Several engine plants have already been announced -Tovota has a \$300m engine plant under construction as part of its \$1.1bn complex in Kentucky - and as the neces-sary volumes are reached transmissions plants will fol-

According to Mr Harold Poling, vice chairman and chief operating officer of Ford, "Some 150 Japanese auto parts companies are producing goods in the US today, about three times the number in January 1984. And many industry and lysts have estimated that the

The UK: Booming home

demand; Rover group profile 3 The European acone: 1992; West Germany; Spain; Japan in Europe; Italy, Eastern Europe; France; Sweden 48

World motor m flow chart For East: Japan, Japan in

US.South Korea

America where nearly 6m units of that excess will be

aimed." From the grim days at the beginning of the 1980s the US auto industry has fought back, but the environment today is even more testing than most feared. "Today there are more competitors in the North American market than any of us ever expected," says Mr Robert Stempel, president of General Motors of the US, the world'e biggest automotive

0.70m

number could grow to 300 by 1990."

Mr Poling suggests that planned additions to capacity, particularly Japanese plants in North America and Europe as well as new Korean plants, are expected to result in excess

of some 9m units by 1990 - over 20 per more cars and trucks

than consumers will demand.
It means there will be manufacturers today that will not be

able to survive to the end of the century - if that long - in their present sizes and struc-

At the beginning of the 1980s the industry was talking about "world cars", a few vehicles that would be sold in all parts of the globe, and of the likelibood that the number of manufacturers would decrease. Today 27 major manufacturers produce more than 40 brand names for the US market and unlike the view in the early 1980s, wa now expect more manufacturers, many more, to join us in the world's richest automotive market."

GM itself has been for many the yardstick of how the US automotive industry could cope with the new challengers springing up in the North American market. The jury is still out on whether the mam-moth investments undertaken in the last decade have been enough - it has still been losing market share in the US this year — but the next two years should show as the company unleashes more new product than at any time in its 80-year

history. Mr Stempel claims that the transformation of its facilities is almost complete with eight new and 19 refurbished assem-bly plants up and running. "I

The US: the market; GM Ford profiles;

New technology: the 21st century car; plastics; leboratory on environment: components 14-15

British Motor Show: vintage

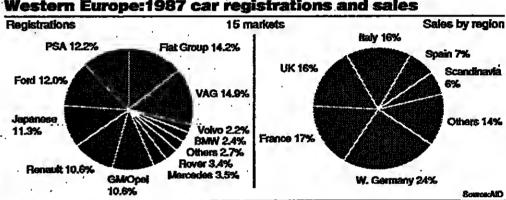
don't think any other manufacturing company has avar undertaken such a massive rebuilding programme. It was costly, but we're convinced it will pay off in the long run."
As GM's massive bullding programme winds down it is devoting an increasing share of its capital spending to product programmes, which will account for about 40 per cent of the total in 1988 and 1989 compared with 24 per cent in

GM's ability to halt its slide in the US car market - its share in the first nine months was down at 36.36 per cent from 37.42 per cent a year ago
– will have a crucial impact on the development of the industry worldwide,

GM can look to Europe for hope, where its ambitious investments are already paying off and it is earning record profits, along with most of the volume car makers.

After three record years in West Europe most vehicle makers expect demand to soften next year, although they are becoming used to their predictions proving wrong. Even Mr Jacques Calvet, chairman and chief executive of Peugeot of France, Europe's fastest growing car maker this year, expected a downturn of 3 per cent in 1988, whereas by the end of August European new car sales were again 5 per cent ahead. Peugeot itself is plan-ning for further growth anyway with an ambitious plan to increase capacity in Europe by 20 per cent over the next four years and capture European market leadership from Fiat and Volkswagen by the early

tures. And the impact will be felt most severely in North Western Europe:1987 car registrations and sales



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gain a competitive edge on their Motor Industry Correspondent. But current sales buoyancy belies the problems of trade and structural

THE WEST European motor industry is in ebullient mood. More cars are being sold then ever before as West European markets head for record regismaticae for a third successive.

US and the newly industrialism growing share of the world's most dynamic car market.

According to Professor Garel

boosting confidence with car production in Europe on target for a best-ever total of 12.5m units surpassing last year's record of 12.2m units.

by overcapacity European car makers are preoccupied more with efforts to squeeze out additional vehicles to meet a level of demand, which almost without exception, they have under-estimated.

world automotive industry.

In the last 10 years the motor ingly global in scope and character, and European producers

industry is entering a. new era as the major

most dynamic car market.
According to Professor Garel
Rhys, professor of motor industry economics at Cardiff Business School, the motor industry in Europe is currently "in the eye of the storm". Despite the present record demand for

> markets, the industry will again face the looming threat of overcapacity in the 1990s. The £610m investment by Nissan, the second largest Japanese automotive group, to build a 200,000 units a year car plant in north-east England, is only the first of several expected moves by the Japanese industry to set up new assem-bly capacity in Europe. Toyota, Mitsubishi, Subaru

and Suzuki have all made clear that they are studying the fea-sibility of establishing assembly plants in West Europe, whila Honda has already forged a production link with Rover Group in the UK. The setting up of production capacity in Europe marks a 7.90m 7.10m

World motor vehicle production

Trucks and buses ssenger cers

Industry

found disquiet among some European vehicle makers and Governments, as, it appears that the days of import restric-tions are numbered. Nissan's move this month to start the export of cars from its

UK plant to markets in continental Europe, including France, has already blown up into a running trade row between London and Paris. The UK is championing Nis-san's cause and insisting that the cars in question are British-built having reached more than 60 per cent local content and are therefore free to circulate throughout the EC. France insists on classifying the cars as Japanese imports until they have reached a local content level of 80 per cent. Behind the Anglo-French dis-

global scale, and that no trade barriers can insulate European producers from the fray.
As part of the development
of a global market broad product tastes in terms of size,

shape and mechanical specification are converging and the world's vehicle makers are moving increasingly to global sourcing, both of products and components. (It is no longer exceptional that an automotive group such as General Motors of the US should take a car designed and engineered by its subhidiary in Europe, the Opel Kadett/Vauxhall Astra, pro-duce it in South Korea with its 50 per cent owned affiliate Daewoo Motor, and then import it

During the 1990s Europe will have to look too at the US as a potential source of a new wave of imports, both from US and Japanese producers; as well as at the rapidly emerging motor industries elsewhere, particu-larly in South Korea. The potential for trade conflict is not only with Tokyo.

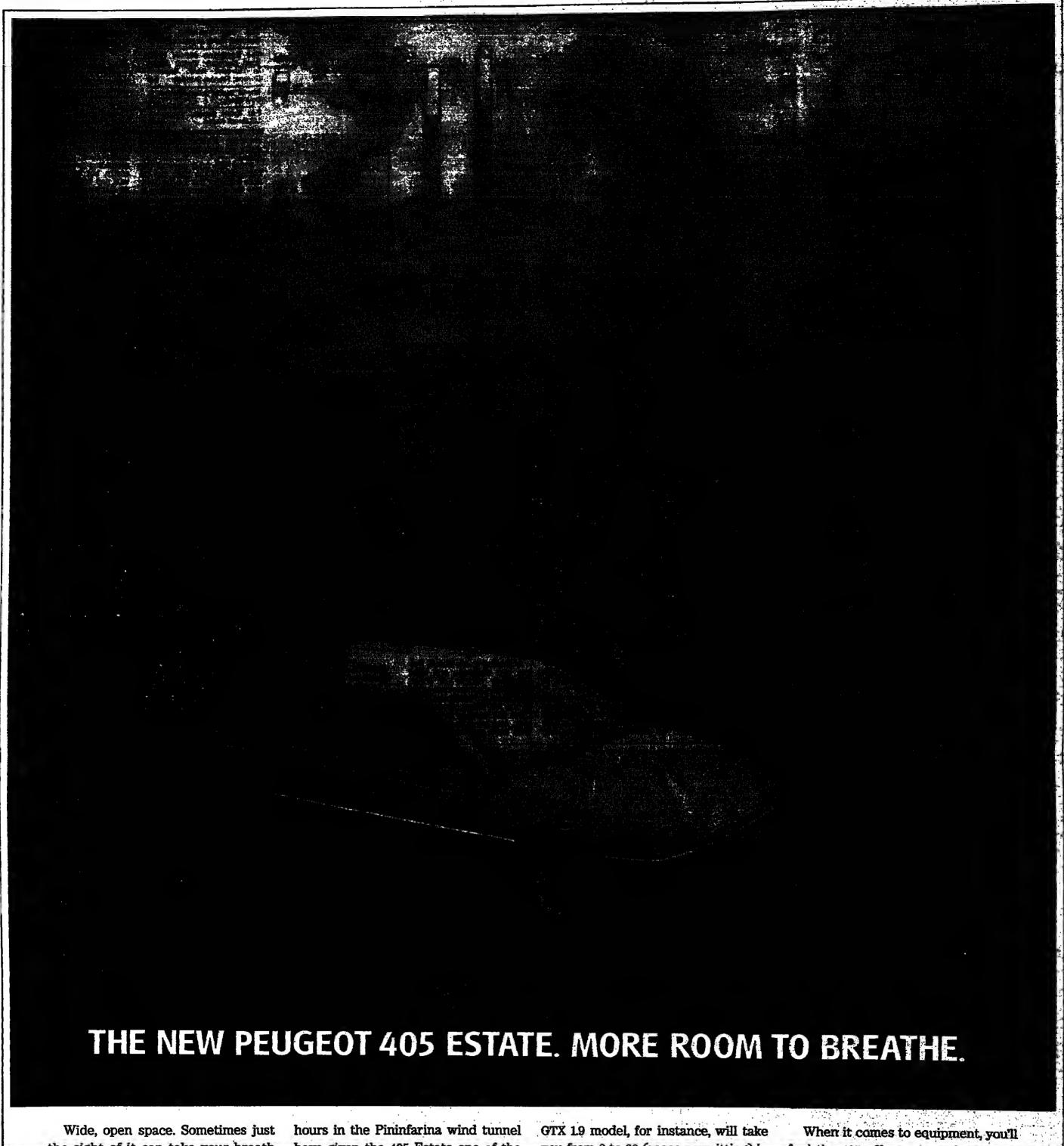
day by the early 1990s.

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THE THEORY

Rep W T



Wide, open space. Sometimes just the sight of it can take your breath away.

So why should a car that offers you more space be boring? It shouldn't. But more often than not, it is.

The new Peugeot 405 Estate isn't boring. Because it gives you all the style, performance and sheer driving pleasure you'll get from any Peugeot 405.

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hours in the Pininfarina wind tunnel have given the 405 Estate one of the lowest drag factors of any estate car in its class. What's more, it's built on exactly the same wheelbase – and has the same exterior dimensions – as the 405 saloon.

The result? The 405 Estate simply looks and feels right. Instead of the clumsiness of so many estates, you can enjoy the handling and performance of a saloon car. The top-of-the-range

GTX 1.9 model, for instance, will take you from 0 to 60 (space permitting) in 9.9 seconds. Very bracing.

But if you're worried that all this may have been achieved by sacrificing load space, breathe easy. The 405 Estate isn't a hatchback pretending to be an estate. At nearly 58 cubic feet, the 405's load space is as generous as you could wish for in fact it's wider than that of any of its major competitors.

When it comes to equipment, you'll find the 405 offers as standard many features you'd pay extra for on other estates. There are still plenty of choices though. Between petrol and diesel engines for instance. Manual and automatic gearboxes. And be tween 4 different trim levels.

But whatever your choice, you can be sure of one thing. You'll have bought an estate car and a driver's car.

All in one breath.



PEUGEOT 405 ESTATE

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MOTOR INDUSTRY 3

AT FIRST clance the UK motor At find I points the UA motor industry appears to be in bet-ter shape than it has been for many years. Supported by a record new car market for the fourth successive year profits both for the vehicle manufacturers and traders are rising

strongly.

Production is recovering steadily from the depth of the recession at the beginning of the 1980s, and the gap in terms of productivity and quality between UK-based assembly plants and their continental European competitors has been

narrowed.

UK component makers are proving increasingly attractive sources for European car makers seeking more competitive suppliers and a number of UKbased automotive design and engineering consultancies are working on new generations of vehicles and subsystems for many of the world's leading

vehicle makers.
The picture should not give ever. Booming demand is sucking in imports at an accelerating rate and the growing motor industry trade deficit is begin-ning to alarm some industry leaders, who lear the threat of Government intervention to

An outbreak of labour unrest earlier this year, which closed production at all Ford's UK plants for two weeks and brought Land Rover assembly to a halt for five weeks has alsoraised uncomfortable new questions about the state of industrial relations in the UK

motor industry.
While initial fears of a tions at the end of the 1970s have proved ill-founded, it is clear that the relentless push for ever greater productivity and efficiency is making new ods on labour relations. Global competition in the motor industry has never been so flerce, and the pressures and strains are being felt unerringly on the shopfloor in established UK plants. Jaguar, the UK luxury car

maker is facing ominous problems in its efforts to raise productivity further to combat its

sharply sagging profitability.
At the same time Ford's decision in the face of bitter interunion wrangling to tear up its electronics plant in the UK and invest in Spain instead, has shown how vulnerable the UK motor industry is to decisions taken beyond its shores. (The lasting impact of this decision could be softened by Ford, however, by its expected move to invest several hundred million pounds in new engine making facilities at its Bridg-end plant in South Wales. White to the general astem-ishment of the more industry.

Rover Group 471,504

future development of most of

such as Lotus and Aston Mar-tin have been taken over by

General Motors and Ford of the

General Motors and Ford of the US respectively. In the commercial vehicles sector ownership has also largely passed out of the UK, most recently with the purchase of Leyland Bus by Volvo of Sweden.

Arguably the most important model launch of the year for the UK car market, the new

for the UK car market, the new.

generation Vauxhall Cavalier

which goes on sale this month

sparking a new battle in the fleet market with the Ford

Sierra, is a car designed and

engineered by Opel, GM's West German subsidiary, which sev-eral years ago took over Vanx-

hall's design and development capability leaving largely assembly in the UK. In every

European car market apart

from the UK the car will admit

to its German heritage and be

assembly in the UK - not to

mention a new yardstick for

build-up of production at its

Austin Rover, still the big-

UK passenger car production

known as the Opel Vectra. At the same time the biggest current boost to voluma car

The UK motor industry appears in better shape than for many years past but . . .

Booming home demand sucks in imports



ership of the Rover group has remained in the UK through its the shape of Honda to shore up takeover by British Aerospace, the ultimate decisions over the gramme.

heavily on Japanese support in the London stockbroker (and part of Union Bank of Switzer-land) "Jaguar is now sitting"

The Rover 800 executive UK vehicle making are now taken outside Britain.

Specialist UK car makers effort with Honda — Honda's effort with Honda - Honda's sister car is the Legend - and Rover again turned to Honda for help to develop a new low-er-medium sized car to replace its existing Maestro and Rover 200 models. (The present Rover 200 itself is basically a mildly Honda's version of the new car, the Concerto, is already on sale in Japan, but Rover's version, code-named the R8, is not expected until next year, one of the most important-UK model launches of 1989 along with the new Ford Flests.

While much of the UK car

sector is already under foreign control, one of the last shining bastions of UK ownership, Jaguar, is also now under threat as predators prepare to swoop, once the UK Government's golden share runs out at the end of 1990. One of the early success stories of privatisation. Jaguar's own profitability and a corresponding share price were supposed to be its best defence when the Government protection was removed.

measuring quality and produc-tivity — is being provided by Nissan of Japan with the rapid With profits presently insteep decline in the face of diminishing returns from the crucial US luxury car market Sunderland plant in north-east and its share price languishing Jaguar currently appears an incomfortably easy prey for one of the big players in the world auto industry, however. gest for maker in the UK one of the big players in the despite all the cuts and clo-world auto industry, however. Butes, has also had to rely According to a circular last

% share % change

39.69 16.6

United Kingdom p	1987	% Share	1986	% Shere	% Change
Ford	580119	28.81	515367	27.38	12.6
Rover Group	301811	14.99	297466	15.80	1.5
GM-Vauxhall-Opel	270778	13.45	284517	15.11	-4.8
Nissan	114243	5.67	109914	5.84	3.9
VW/Audi	108123	5.37	109237	5.80	-1.0
Peugeot/Talbot	101264	5.03	86667	4.60	16.8
Renault	78694	3.91	69261	3.68	13.6
Volvo	70880	3.52	68972	3.66	2.8
Flat	68576	3.41	61729	3.28	11.1
Citroen	46014	2.29	34427	1.83	33.7
Toyota	38269	1.90	35802	1.90	6.9
BIN	37525	1.86	35898	1.91	4.5
Lada	25294	1.26	20312	1.08	24.5
Honda .	24743	1.23	20499	1.09	20.7
					8.8
Mercedes-Benz	21752	1.08	19987	1.06	
Totals	2013693	100.00	1882474	100.00	7.0
Japanese	225372	11.19	209829	11.15	. 7.4

Mr Paul Tosch, managing director of General Motors' UK subsidiary, Vanihali, with the new Vauxinali Cavaller/Opel Vectra with which GM plans to recapture lost European fleet car sales.

part of Union Bank of Switzer-land) "Jaguar is now sitting dead in the water come the Golden Share expiry, and the only prop for the shares rests in the now ever more likely prospect of a bid." Any further weakness in the share price is "likely to be seen as an oppor-tunity by a number of auto manufacturers to accumulate strategic positions in the stock," says Mr Stephen Reit-man, Phillips and Drew auto-motive analyst. Under the leadership of Sir John Egan Jaguar's fortunes

have been transformed during the 1980s with sharply rising sales and production. It has enjoyed great success in the US and is still achieving sub-stantial sales advances in European markets and the Far East, especially Japan. Produc-tion has risen rapidly from only 13,791 cars in 1980 to 33,437 cars in 1984, when the company was privatised, and to an expected 53,000 units this

From a peak in 1985 of £121.3m profits have been falling, however, first slowly to 2120.8m in 1986 but since with ment in UK motor industry gathering speed to £97m in 1987 and down this year to profitability, however, following the long dark years of around £40m according to recent analysts' forecasts with probably even worse to come es or poor returns.

in 1989. Profits in the first half of 1988 were more than halved. Jaguar's dependence on the all-important US huxury car market has left it highly exposed to the sharp fall in the value of the US dollar, and sales volumes in the US have also started to fall. The company is partly compensating for the weaker demand in the US with sharply higher sales elsewhere, but it has still had to lower its ambitious sales targets for 1988 and next year. to cut back its capital spending programme, and with the aim of cutting its cost base by £50m

a year over the next two to three years Jaguar is aiming to reduce its workforce by 1,200 in the same period, largely through natural wastage. The plunge in Jaguar profits

profit from its UK operations of caused above all by its exposure to the US dollar - should not be allowed to obscure the more than 250m this year. Even Rover Group manage otherwise dramatic improve-

Ford virtually trebled its pre-tax profits in the UK last year, while Vauxhall achieved its first profit since 1978 with a £92.7m turnround from a loss of £61.7m in 1986 to a net profit of £31m. This year Vauxhall is on course to more than triple that result with Mr Paul Tosch, Vauxhall chairman and chief executive, forecasting profits of

The picture has been repeated at Peugeot Talbot, the UK subsidiary of the Peugeot group, which last year achieved its best result since being taken over by the Freuch automotive concern from Chrysler of the US in 1978. Peugeot Talbot ended a period of eight years in which it ran up pre-tax losses of £286m, by producing a net profit of £13m, and Peugeot is expecting a net

a sharply reduced net loss of £26.9m last year in its best financial performance for a decade after a loss of £899m in 1986 (including extraordinary losses of £430m), and the vol-ume car operations of Austin Rover managed a tiny operat-ing profit of £5.1m. Tha improvement has continued Rover made its first interim pre-tax profit since 1979 helped by an operating profit of £17.5m at Austin Rover.

The return to profit has been made possible by the continu-ing surge in UK new car sales, which has taken all manufacturers by surprise. This year new car sales are expected to reach 2.2m units, setting a record for the fourth successive year. A slight downturn to 2.1m units is forecast by the would still be the second best ever new car market.

According to Professor Garel Rhys, professor of motor indus-try economics at Cardiff Business School, the underlying trends of economic growth, population development and a still relatively low level of car ownership in the UK suggest that the UK new car market should stay at over 2m units a year until the end of the cen-tury and could reach 2.5-2.8m units a year by 1998/99.

In response to the strength of the market UK car production is also growing again, although it is still far below the peak of 1.92m units reached in 1972. It has recovered from the low of 888,000 units in 1982, however, to reach 1.14m units last year and is expected to reach 1.2m units this year and 1.25m units in 1989. But this still leaves the UK in fifth place in the European car pro-duction league behind West Germany, France, Italy and

Peugeot Talbot is more than doubling production at its Ryton, Coventry assembly plant with this year's introduc-tion of two-shift working, and the company could decide next year on a major new invest-ment to increase capacity fur-ther in the UK.

Most dramatically Nissan expects to be producing up to 200,000 cars a year at its new £610m plant in north-east England by 1993 having only produced its first car in the UK

Production capacity is also expected to rise at Ford and Vauxhall, though much more modestly through steps to remove bottlenecks. With Rover Group planning the closure of one of its Cowley assembly plants in the early 1990s, overall UK car making capacity is set to rise by around 7 per cent by 1991/92 to 1.85m units according to a study made by Cardiff Busi-

Despite higher UK production imported cars captured 56.3 per cent of the UK market in the first nine months of 1988, and UK-built cars have again lost market share sharply this year, not least because of a big jump in Ford's imports from its continental assembly plants.

Kevin Done

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Subaru, our first imported brand, is now established as the world's favourite four wheel drive with over 2 million sales.



Hyundai, one of the fastest growing car imports on both sides of the Atlantic, sold nearly 10,000 in the UK in 1987.

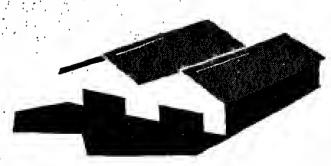


The Isuzu Trooper, from Japan's longest established car manufacturer, sold more in its launch year than any other



The success of our three complementary marques says much for our brand of marketing and management.

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MPRESSIVE

In 1977 International Motors had a turnover of £1million. Today, the I.M. Group has developed to such an extent that the annual figure has topped £100 million. In the same period turnover per employee went from £18,000 to £600,000. Impressive, by any standards.



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PROFILE: ROVER GROUP

A return to profit

questions about its long-term survival chances have been answered by its strinningly unexpected takeover by British Aerospace, but at least the damaging uncertainty over its future ownership has been removed, for the moment. Acquisition by a company

from outside the motor indus-try has ensured that there will be no immediately painful period of npheaval and restructuring either for the company itself or for its suppliers and dealers. . .

ers and dealers.

Rover Group may today be only the rump of what was once one of the world's biggest vehicle makers, but even after successive waves of plant closures, cuts and disposals, it remains the UK's biggest car producer with a turnover of £3bn, exports of £1bn and a direct workforce of 43,000. It supports indirect employment of two or three times that num-ber in the components supply sector and more than 50,000 jobs in the sales and distribution network.

At the same time the Conservative Government has been able to return one more business to the private sector, without having to face a furore over the selling off British assets, and not least the country's last UK-owned volume car maker, to foreign interests.

Having pumped in £2.98bn to keep the company afloat since becoming majority shareholder in 1975, the Government was willing to pay out another 2800m to write off past debts and ensure a little surplus cash in the Rover coffers, before selling its 99.8 per cent stake to

BAe for just £150m.
As it turned out such largesse was not necessary, how-ever. In the face of European Commission opposition to such a generous state hand-out, the Government was forced to reduce its cash injection to £547m and the deal was still

While the deal has let the

Government off the hook, the resolution of the ownership question changes little else. Rover Group remains to all intents and purposes a volume car maker in terms of its model range but without the necespete with the big six automo-tive groups in Europe.

Lacking the necessary financial resources it remains dependent on collaboration with Honda of Japan for its model development programme. The latest truit of this cooperation will appear next year in the shape of the lower medium sized R8 replacement for the Maestro and the Rover 200. There is still no indic however, whether Honda is interested in any further model development programmes or whether it will choose to make its own way in Europe in the future, as it has already done with startling success in the

As Rover approaches the creation of a single market in Rurope, it remains more dependent on its narrow base in its domestic market than any other significant European car maker, and while it has sought to broaden its foreign presence by returning to the US market, it is clearly facing an upbill struggle to win customer acceptance for its Sterling executive saloon in America, where sales have phunmetted this year following the launch

in February 1987. Nonetheless there are positive signs that Rover Group's position has finally stabilised. For the first time in a decade it is no longer making losses, and although the pre-tax profit achieved in the first half of 1968 was modest the group's financial position has now been considerably strengthened by the latest injection of state funds. BAe has purchased

Rover Group almost debt-free. While Rover Group is starting to make a modest return, however, most other European car makers are achjeving bumper profits buoyed

Rover appears finally to ave arrested the long decline have arrested the long decline in its market share in the UK, and it is currently enjoying the boost of being a still significant presence in one of the fastest growing car markets in Rurope. In the first nine months of the year Austin Rover has held its ground in the booming UK car market increasing its sales volume by 12.4 per cent, while the total market has risen by 11.6 per cent. Its market share has risen marginally to 15.08 per

cent from 14.95 per cent.

Last year Rover group's vehicle sales including Land Rover/Range Rover and car derived vans recovered to 513,000 units from the low of 494,000 in 1986 and in the first half of this year vehicle production increased by 14 per

cent to 281,000 units.

Mr Graham Day, who took over as Rover Group chairman and chief executive in mid-1986, is clear, however, that the group is chasing profit not vol-ume. He is determined to take Rover up-market in search of bigger margins and away from head on competition with the big volume car makers in Europe, Flat, Volkswagen, Peu-geot, Ford, General Motors sand Renault.

It is still difficult to see how this will work in practice, how-ever, as Rover still has essentially the model range of a tra-ditional volume car maker, and Mr Day insists that the company is not planning to aban-don any segment of the mar-

Rhys, professor of motor indus-try economics at Cardiff Business School, closure of the Cowley South plant will cut Rover's present capacity for building 725,000 cars a year by some 225,000 units, but plant improvements at Longbridge and Cowley could leave net capacity at 600,000 units by

The increase in the stature of the inside general counsel has changed the relationship between large law firms and clients drastically. Except in crisis situations, it is becoming unusual for the two reviews in

unusual for the top pertners in law firms to have close personal relationships with the chief executive officers of their

corporate clients. To do so could be an affront to the general counsel which both the law firm and the chief

executive officer wish to avoid.

For similar reasons, it is no longer common for lawyers from large corporate firms to ait on the boards of directors of their large corporate clients.

Concern is also heard about the independence of directors,

such as lawyers and invest-

such as lawyers and invest-ment bankers, who provide ser-vices to the company. If there is a lawyer on the board now, it is generally the inside gen-eral counsel, or perhaps a law-yer whose firm does liftle or no work for the company. But quite commonly, there is no lawyer at all on the beard

lawyer at all on the board. This change in the relation-ship of law firm and client is

far more important than the loss of business caused by the

rapid growth of law departments. It is usually quite easy for well-managed law firms to adjust to the loss of business to

law departments if they have

Goodbye to fusty gentility

LARGE CORPORATE law firm practice in America has changed dramatically in the past 25 years. The most impor-tant of these changes are the decline in the barriers to entry on religious and racial grounds; the large number of women entering the profession; the sharp increase in the incomes of lawyers in these firms; and the growth in importance of inside corporate law departments.

The decline in religious and racial discrimination in law firms is part of a general trend in American industry and finance. The main ceuses appear to have their origin in World War II.

After the war, competition in American industry and finance increased sharply due to the pent-up domestic and international demand for US goods and securious A contribution. and services. A contributing factor was the large social dislocations caused by the War which dislodged the ascendancy from its grip on the economy. Another influence recognition of what had been happening in Nazi Europe, which undermined the respect-ability of religious and racial

Women benefited from the same developments, although there was a delay caused mainly by a lack of supply of qualified women. So it took time for women to become adjusted to these opportunities

lawyers.

Despite the increase in the supply of lawyers, caused by the decline in these barriers to entry, and the loss of business to inside corporate law depart-ments, lawyers' incomes in large firms have been going up rapidly. The most interesting and

The most interesting and dramatic example is Wachtell, Lipton, Rosen & Katz in New York which has a highly specialised take over and bankruptcy practice. The partners in that firm had an estimated average income of them in 1997. The main causes \$1.4m in 1987. The main causes of these high incomes are the of these high incomes are the many more hours worked per lawyer and an increase in demand for the legal services performed by large firms. In Wachtell Lipton, for example, the ratio of partners to salaried lawyers is about one-to-one, so the high incomest example, be the high incomes cannot be explained away as an exploitation of young salaried lawyers.
Discrimination and lower lawyers' incomes had been closely associated. The connecting link was a conspiracy of gentility: don't ruffle my placid life and I won't ruffle yours; and let's keep out any-one who might disturb the

peace. Lawyers, particularly

partners, usually didn't work very hard. Law firms were reluctant to compete economi-cally either by raising lawyers' salaries or by luring away part-ners from other firms.

Another important cause of

Another important cause of the increase in incomes is the star phenomenon. This is par-ticularly evident in the take-over business. Transactions are very large and the possible profits for bidders and invest-ment bankers are correspond-ingly large. For the heart and ment hankers are correspond-ingly large. For the boards and officers of targets in takeovers, the takeover premiums at stake are very high: one of the costs of takeover is usually dismissal.

Success or failure may be determined by very small dif-ferences in performance. For the consumers of this type of legal service it appears reasonable not to take even very small avoidable risks, and if a law firm has a reputation for devising ingenious bidding strategies or defences, it seems logical to pay the very high fees asked.

The same phenomenon can be seen in the very high fees and salaries of star performers such as opera singers and professional athletes. Small variations in performance or renown may make the difference between success and failure; and the economic differences between success

time. In fact, many law firms prefer to have some such limit on expansion so they can con-

on expansion so they can concentrate on the most profitable law business. The growth of corporate law departments gives them a reason to forgo business without taking the risk of losing the client. Inside general counsels have been another important influence in making law practice much more competitive. It is natural for general counsels to want to reduce dependence on a single supplier of law services. Moreover, general counsels, and inside lawyers who work for them, form close personal relationships with the lawyers from law firms with

lawyers from law firms with whom they work.

Because of these relationships, if a young lawyer decides to move to another lawfirm, it is not tunusual for him to be able to take some of him to be able to take some of that business with him. This is a big change from the days when the relationships between law firms and corporate clients were dominated by top partners who were close friends of the chief executive officers. It was much more difficult then for a young lawyer who wanted to move on to take law business away with him. who wanted to move on to take law business away with him.

Lawyers in the large American firms may be missing some important things in life. Competition and hard work are not the only virtues. On the other hand, for this lawyer at least, it would not be a pleasant choice to have to go back to the fusty gentility that used to dominate the profession.

The author is a partner in the Chicago office of Mayer, Brown & Platt.

IN-HOUSE LAWYERS

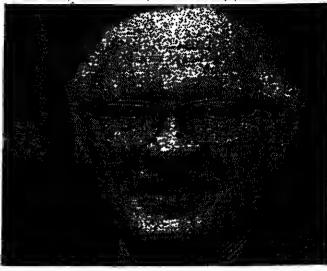
When one client is calling the tunes

number of qualified lawyers choose to work for companies rather than enter private prac-tice. Some 2,200 solicitors taking this route regularly renew their practising certificates (licences to do work reserved to solicitors), but beyond that the numbers can only be guessed at. Many more are solicitors working in a purely advisory capacity, and there are probably some 2,000 to 3,000 barristers in company

3,000 barristers in company employment.

The range and character of the work to be done by these lawyers are immensely varied. The legal department of a multinational will offer a very different career from a smallish engineering firm needing a single lawyer on its staff. No two jobs are quite allke, even in companies in the same sector, and the company's business is and the company's business is so central a part of the law-yer's work that there are great differences between sectors. Some legal tasks are much

the same as in private practice
- conveyancing or drafting
contracts, for instance. Others (especially where the work is international) are more like participation in the general business of the company.



There is an ambivalence in the position of employed law-yers. While they are paid mem-hers of the company's staff, they retain their identity as members of a profession. It sounds odd to the uninitiated. but a corporate lawyer will refer to his or her employer as "the client".

Lord Denning said of employed lawyers: "They are regarded by the law as in every respect in the same position as those who practise on their own account. The only difference is that they act for one client only, and not for several clients. They must uphold the same standards of honour and of etiquette. They are subject to the same duties to their client and to the court." (Alfred Crompton v Customs & Excise

The ambivalence was uncomfortably illustrated by a recent case commented on by the Law Society. An employed solicitor had engaged the ser-vices of an outside barrister on one of the company's legal matters. The company went into liquidation. As barristers cannot enforce their fees, the barrister's bill could not be put in to the liquidator in the normal way. Instead the barrister approached the solicitor personally. Non-payment of e bar-rister's fees is a matter for individual professional discipline by the Law Society. The solicitor had (in theory at least) to pay the barrister's fees from

The details of this case were not made public, and the facts were unusual. The problem arose from the "public policy" of not letting barristers sue for their fees, but it is a caution-ary reminder of the corporate 'e drual r

pany's team.

The need to be part of the team is important. Outside lawyers advising companies tend to be brought in on a limited brief, either on a single project or after things have started to go wrong. The in-house lawyer has to be there before detailed formulation of

before detailed formulation of the project, and to make sure that things do not go wrong. The role is not unlike that of the family lawyer of the last century who advised generally on the client's affairs. The cli-ent is less interested in what the law stops him from doing than in how he can lawfully do what he wants to do. This makes their role rather

This makes their role rather lonely for some in-house law-yers. They have to make sure the company obeys the Finan-cial Services Act to the letter, makes agreements which will not go straight to the EC Com-mission or the Office of Fair Trading as anti-competitive, observes environmental rules observes environmental rules for dangerous chemicals, and

so on. These lawyers can some-times be seen as a deterrent to

commercial enterprise.

A large company will have its own staff of experts. But, while a lawyer employed by a bank is likely to be expert in banking law, he tends to keep more of the generalist approach than he would in pri-

approach than he would in private practice — banks also build offices, hire and fire staff and hatch "1992" plans.

The external lawyer will usually be handed a ready-made problem — a share acquisition, an agreement with a European competitor, going ahead on a new factory. By the time it reaches a summetricing a competition of the com "takeover", "competition" or "planning" problem. The in-house lawyer, on the other hand, has to spot the problem, and its legal nature, as it arises. For this reason, among others, the corporate lawyer needs to know what is going

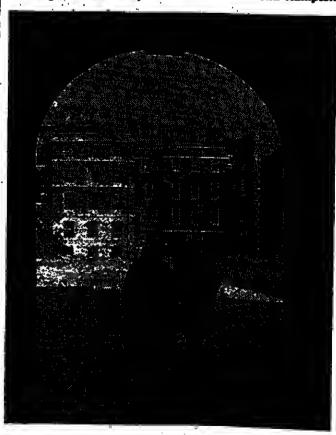
on throughout the company.

Levels of pay are published annually by Chambers & Partners, an employment agency specialising in placing lawyers. Figures for corporate lawyers compare favourably with what a lawyer in private practice can expect, especially at the start. The total remuneration for a legal assistant in industry in the 25-30 age group is about £25,000. In private practice, assistant solicitors only better this if they work in City firms (£25,000-£35,000). Beyond this, it is not easy to

draw comparisons (Chambers's figures do not include solicitors in private practice who are partners). Overall, it would seem that, although corporate lawyers may not hit the heights reached by the most successful in the City or at the specialised Bar, and national averages for industry are as misleading as averages for pri-vate practice, the salary offers a sound incentive to opt for a career in industry. Service industries are the best remu-nerated, followed by oil and banking. Engineering and con-struction, are the least struction are the least rewarded, with financial ser-vices second from the bottom of the league.

Though it is impossible to say how many achieve it, there is also the possibility of moving sideways from the legal department of a company into corporate management. Com-pany secretaryship is a logical destination, although this is rather a special enclave in the management structure. An example, however, for aspiring in-house lawyers was set by Sir David Steel, chairman of British Petroleum from 1975 to 1981 In 1980 be investigated. 1981. In 1950 he joined the com-pany's legal department as a

Cella Hampton



CORPORATE AND FINANCIAL

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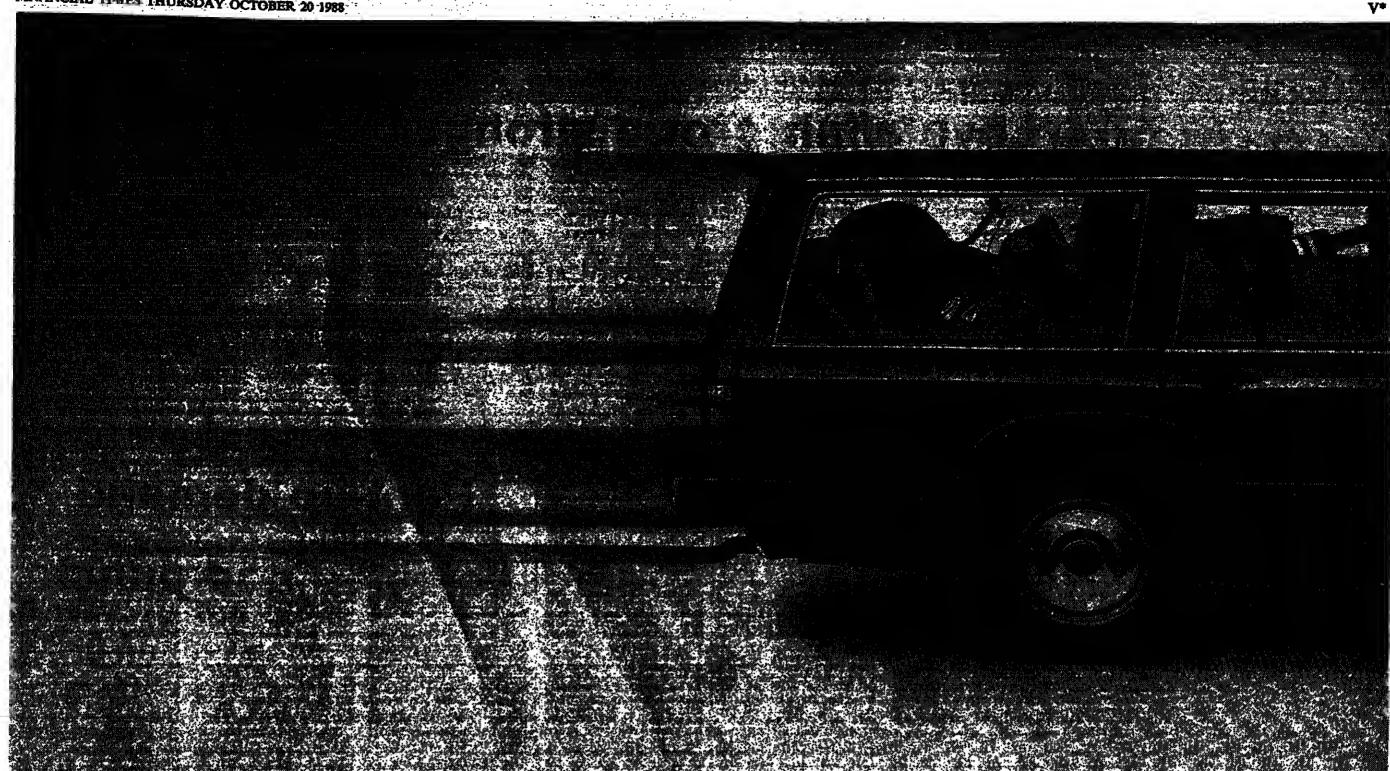
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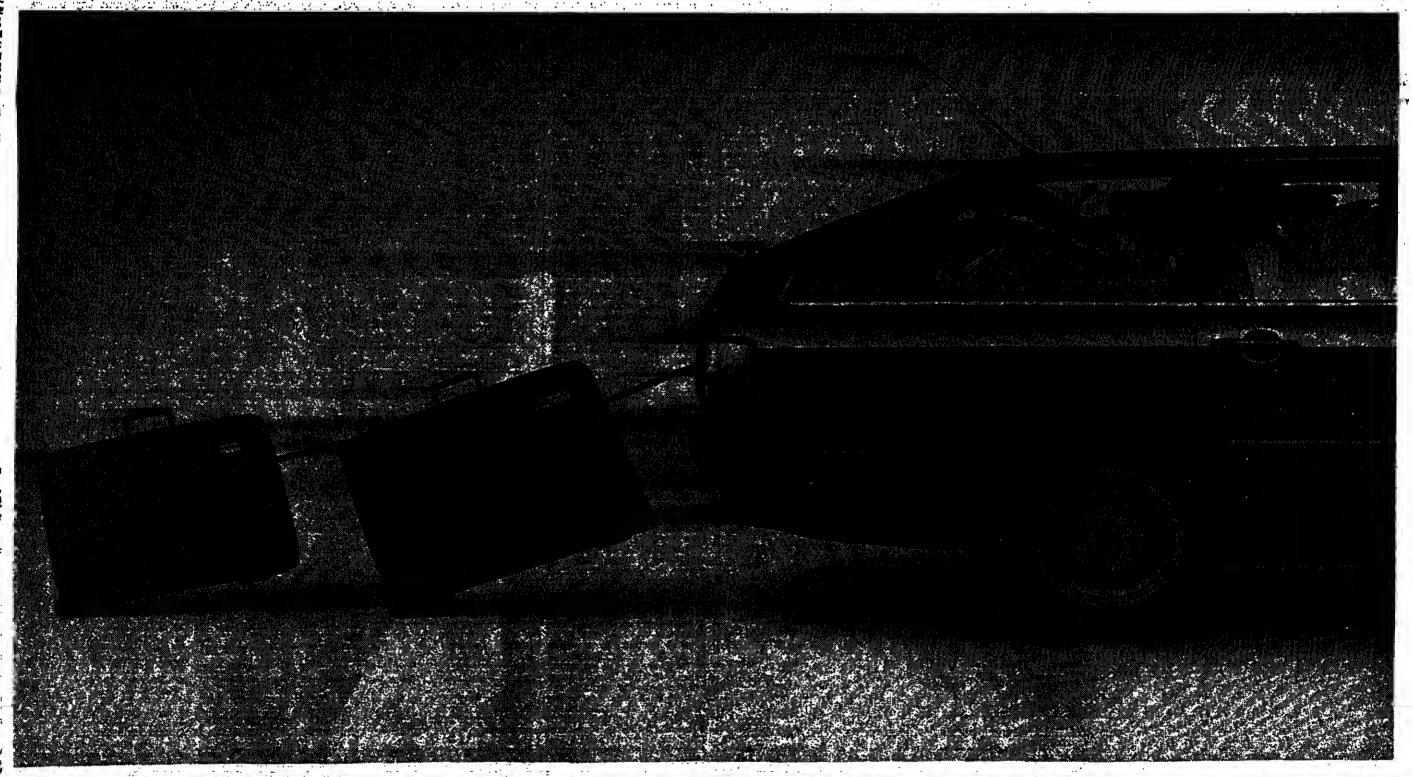
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MOTOR INDUSTRY 6

THESE ARE heady days in the Italian car market as one month of peak sales follows another and the nation's consumers seem set to make 1988 the third consecutive year of record sales and the first to

cross the 2m mark. Quite apart from the Italians' obvious love affair with the motor car - how else to explain the tolerance for levels of atmospheric and traffic pol-lution in towns and cities that would be quite unacceptable in other countries - there are good economic and commercial reasons which help to explain the current boom. The economy as a whole is performing very respectably and should follow last year's 3 per cent growth rate with 3.6 per cent this year.

Macro figures also reveal an increase in gross income in 1987 of around 9 per cent which, set against an inflation rate for 1987 of 4.6 per cent, helps explain last year's car sales record of 1,976,541. It also helps explain how lit-

THE DESIGN may excellent, the costs feasible

and the market prospects exciting, but when it comes to deciding whether or not to go ahead with a new car model Vittorio Ghidella relies above

all on "feeling". in the last

decade, the managing director of Fiat Auto's instinct has

clearly served him well, benev-

olently bestowing such com-

mercial hits as the Fiat Uno,

the Lancia Thema and, just

recently, the Fiat Tipo.
"In the end, it is a sense of

things to be changed and

things to be done," says the 57-year-old manager who runs the company which rings up

close to 60 per cent of the div-ersified Flat group's sales and

64 per cent of operating profits,

which last year reached

ent, Ghidella constantly super-vises the planning and testing

of new models, putting them through their paces for lengthy

periods to satisfy himself as far

as is possible that the new

bearer of the Fiat, Lancia or

Alfa Romeo badge can main-

tain his reputation for a

In order to exercise this tal-

L3.104bn

tle impact a temporary four per cent increase in VAT rates introduced in August 1987 had on sales of new cars. In fact, the sales trend suffered no demonstrable impact, apparently because some Italians believed that the VAT increase would prove to be permanent (it did not) and others thought that prices would be bound to

go up in the new year anyway. But in 1988 incomes have continued to run ahead of inflation - a survey by Confindustria, the main representative of Italian industry, sug-gests that earnings in heavy industry may have risen by as much as 13 per cent this year and by 8.8 per cent in the econ-omy as a whole, against an average inflation rate of just ınder 5 per cent

interestingly, the govern-ment's economic analysts believe that, short of a major international downturn, the Italian economy is capable of sustaining an average growth rate of 3 per cent a year for the next four years and this could Italy's car sales are heading for yet another record

Love affair grows stronger

certainly imply new car sales of not greatly below present

The Italian market remains strongly dominated by the Fiat empire which in the first nine months of the year has gripped fractionally below 60 per cent. Add in the tiny manufacturers of Ferrari, Maserati and Innocenti and you have a total Italian produced share of 60.32 per cent, almost exactly the same as the first nine months of last

But within that framework there have been at least two significant developments. One is the renaissance of Alfa Romeo which by the end of September had sold 109,426 units or 18,000 and 20 per cent nine months of last year. This

success is undoubtedly partly due to demand for the swift luxury saloon the Alfa 164, launched a year ago, but also to renewed demand for the Alfa 33 and 75 models which were once held to be old-fashioned and struggling for life. The 33's 9-months sales are

level pegging with last year's while the 75 has become italy's ninth best selling motor car with nearly 40,000 models sold. This car did not feature in the best selling top ten last year. Fiat believes that consumer confidence is returning to Alfa Romeo since it joined tha Agnelli empire at the beginning of last year while all analysts agree that the range is benefitting from Flat's market-

This has not been seen to

better effect than in the launch of the Tipo whose runaway success in Italy Fiat is now hoping to repeat in other European markets. Since coming to market at the end of January, the Tipo has sold 153,141 copies to snatch third place in the best selling top ten.
The Volkswagen Golf, which
was the Tipo's main import

target, has suffered an 8,200 sales loss with a nine month total of 78,665. Mr Vittorio Chidella head of Fiat Auto, explained in a recent interview that the Tipo sales have been so unexpectedly strong that production reached the maximum level of 1,200 a day only six months after the launch. Although imports have made virtually no further inroads into the Italian market than

marques have been able to such up sales on the back of the overall 8.15 per cent growth in the market by the end of September. The stron-gest performers include Audi which has nearly doubled its sale to 33,706 units, Peugoet Tailot with a 22 per cent increase to 75,144 (4.5 per cent of the market) and Seat whose sales have risen 15 per cent to

However, the leading importer remains Renault whose sales have dipped by 308 mits to 123,385 (7.4 per cent market share) followed by Volkswagen, down nearly 5,000 to 107,014 and Ford which is up 1.500 to 62,760.

RAST GERMANS who ordered

a Warthurg or Trahest car in 1973 are only now being told to

pick up their new cars.

Demand for cars far outstrips production throughout Eastern

Europe. But nowhere is the

waiting period longer than in East Germany with its enor-mous pent-up laying power. At the recent Leipzig trade

fair, East Germans thronged around a demonstration model of a "new Wartburg. Out-

wardly, it was the same boxy

model produced for nearly 20 years. But under the bonnet

was a four-cylinder engine instead of the old, whining

two-stroke machine which left

behind a familiar trail of

the same one which has long

Warthurg the price was raised

The new engine was in fact

	Volume Volume Store (1 (Units) Change(%) Just Aug			Share (%)	
TOTAL MARKET	9,011,600	+8.4	100.0	150.0	
MANUFACTURERS:	1,342,900	-+7.8	14.9	14.5	
Ret (Incl., Laucia & Alfa, Romeo)	(*345,000		4.00		
Yolkswagen (incl	1,297,000	+26	14.4	14.8	
Audi end Seat	,,,				
Peugeot (including	1,144,000	+142	12.7	11.7	
Circen				12.1	
Ford	1,047,000	+1.5	11.6	10.8	
General Motors	254,000	+3.3	10.6		
(Opel, Vatothell)	901,000	+16	10.0	10.4	
Renault Mercedes Benz	308,600	+21	3.4	3.5	
Acceller Prover	328,000	+8.4	3.6	- 3.5	
Mosan	269,000	+8.3	3.0	2.9	
Toyote	242,000	+25	2.7	28	
BNW	242,000	+17.7	. 27	24 21	
Voltra	185,000	+13	21 112	11.2	
Total Japanese	1,360,000	+5.5	11.2	3 2.25	
MARKETS:					
Most Germany	1,901,000	-2.6	21.1	22.8	
laty	1.518.000	+8.4	16.8	15.4	
United Kingdom	1,696,000	+12.1	18.2	17.1	
Françe	1,418,000	+6.1	15.7	10.6	
Spain	723,000	+ 15.1	8.0	7.4	

John Wyles

PROFILE: VITTORIO GHIDELLA

A man of instinct

dvancement for his generation. After working for a time as an oil products salesman the young Ghidella concluded that a mechanical engineering degree would best enable him to indulge his interests. With this safely achieved, he joined Fiat at the age of 24 – feeling, he says, " a bit like a soldier in the army.

More than 30 years on, Ghidella is now regarded by none other than Cesare Romiti, the Fiat group managing director, as a "complete man". In his recently published book, Rom-iti says that his colleague has now revealed himself to be "a great manager, a major industrialist, an excellent company leader who knows how to discuss not only planning and production but also commercial, administrative and financial matters".

Avvocato Gianni Agnelli, the "golden touch". Fiat president, has also It is, of course, one of life's declared his conviction that perfect symmetries that puts a Ghidella is rather more than a car maker by nominating him motor car enthusiast at the helm of Europe's current auto to succeed Romiti at some market leader, and gives a future date which he recently motor racing enthusiast, as indicated could be as much as Ghidella also is, top responsisix years hence. It was the bility for the Ferrarl formula Avvocato who brought him back to Fiat in 1978 after a 15one racing team. Ghidella says that the emotional commityear absence in which Ghidella had worked himself up to the ment he made early in life had something to do with the top job in ballbearing manufacmotor car representing the



Vittorio Ghidella of Fist Auto turer Riv Skf's Italian

Initially, Agnelli wanted him to go to the US to sort out Fiat Allis, the struggling earth-moving joint venture with Allis Chalmers. Within a few months, however, Agnelli was on the phone to Chicago offering him the management of Fiat Auto. "It was a complete surprise, I had been expecting to continue my international career. But sometime afterwards, the Avvocato said to me that the car business is like a drug, you have to keep taking it to be happy". His arrival coincided with

systems

the opening of a searing period in Flat's history; its production constantly halted by strikes, near anarchy in its factories and its finances close to ruin. In the following years, the harshest medicines were administered in the form of redundancies and cost cuts after a victorious battle had been fought against the

The company's strategy since 1960 has been to replace the maximum number of people by the most effective machinery. Looking ahead to the 1990's Ghidella believes that the fully automated car factory is close at hand since the only remaining technological leap to be accomplished is in automating the more intricate assembly operations.

The benefits of the Romiti-Ghidella cure show up in the operating transformation of Fiat Auto from a loss of 1.254.5bn in 1981 to a profit of L1,986bn last year. But the recovery process has also been greatly helped by five years of continuous growth in Italy which has been fuelling record car sales in Italy since 1986. Ghidella says that Fiat has kept its capacity increases to a minimum, but robotics and "enormous flexibility" has enabled the company to boost production from 1.3m units six years ago to close to 2m units a

While an easy, relaxed plain speaker, Ghidella has much of the reserve and modesty which is common to Piemontese. Not for him the windy theorising which gusts more strongly the further south you travel in flaly. He has nothing as grand as a management philosophy, he says, but there are certain principles he cleaves to. One is that "a manager must know what he is doing", another that he should recognise when he is operating "at an important level of risk" and a third is that "you should never believe

you can win everything."

Apart from his instinct for what makes a good motor car, he believes that his other useful qualities are a meticulous suproach to planning, a cool head and sound nerves. He might also have added the Piemontese weakness for works-holism which he has been able to indulge in the last couple of years having taken on the added responsibilities of Alfa Romeo and Ferrari racing. With the help of a L3,500hm

powered Volkswagen's Polo model. In a rare inner-German investment programme, Alfa development is now well underway. Chidella says that technology transfer, VW turned over to East Germany an engine line which has begun producing Polo engine productivity at the company's two plants near Naples and for the Warthurg and for VW Milan is now comparable to that of other quality car manu-facturers and that the Alfa itself. But it was the retail price of the reengled Wartburg which stunned East Gerdivision of Alfa Lancia, which mans, Instead of Marks 22,000 was lost around L270bn in the (\$12,000) for the two-stroke year before Fist took it over, will this year make a profit. Ferrari racing may be rather

to Marks 30,000.

Rest Germany had 3.6 million cars registered at the end of last year. At 217 cars per more of a poisoned chalice. The tesm is a quite extraordinary 1,000 population, it has the indicat level of notoceation in Comecon followed by Czecho-zlovzkia. Typically, ball the repository of hahan hopes and fears and its failure to win a world championship this decade is weighing heavily on the national psyche. The death in Appart of the legendary income of a young Rest Ger fouynder, Enzo Ferrari, has now left Fiat with clear responsibility for the racing team ing it on the road.

Pent-up demand

EASTERN EUROPE

By 1990 production of the Trahant is to be boosted by nearly 30,000 units annually to 175,000 cars while output of the Warthurg is to be raised onethird to 100,000 units. Meanwhile, East Germans who are not prepared to wait 15 years for a new car can try to get a Western relative to buy them a car. The three-cylinder version of the Wartburg is obtainable within two months against payment of DM 9,250 while the Trabant is sold for DM 5,155. Poland, which has 4.2m cars

on the road – the largest num-ber in Eastern Europe, has again chosen Fiat to carry out a \$1bn modernisation of its FSO plant in Warsaw.

The contract for the FSO The contract for the FSO plant has yet to be signed but it is expected to cover retoding as well as the supply of designs and components for a new 1.3. Here car to replace the 125p. Flat is believed to have put forward a design based on its Brazilian-made car, the Duna, a derivative of the Flat Uno. Production is expected to be duction is expected to be meerly 160,000 units annually. Last year Flat signed a \$470m contract with POLMOP.

the Potish Foreign Trade Buterprise for the Automotive Industry under which FSM will produce a new Flat-designed ini to replace the Polski Fist hisp. This was the tiny car which first rolled off the? the purchase of a car - new or brought motoring within the designed for the Romanian second hand - and later keep reach of a great many more Army,

Marks 10,000 – means that initial output of 160,000 cars they are seldom acrapped on and parallel production of the reaching advanced age but are parastakingly overhauled.

By 1990 production of the rate of 260,000 amusily. As distinct from the earlier Flat 126 contract, the new contract puts FSM in the position of an exclusive manufacturer and supplier of the car to the Fiat international marketing network. This is to guarantee the full self-financing of the project'a hard currency cost estimated at almost \$500m. in Czechoslovakia, serial produc-tion of the new Skoda Favorit began last August after a trial series of 3,000 cars was turned out. Considerable problems arose according to a report to the government but about 38,000 of the new three-door hatchbacks are to be made by

the end of this year. The old Skoda models are to be made for another 16 months until production of the Favorit

reaches 180,000 in 1990.

Romania last year turned out 186,600 Dacis and Olcit cars hased respectively on the Ren-sult 12 and a Citroen-licensed model. Some 60 per cent of output was exported, mainly to Eastern Europe but also to third world markets and a aprinking to Western Europe.
Nearly 1.1m Dacias have been produced over the past two decades and a modernised.

Dacin 1920 was introduced at the Bucharest International Fatr. By far the best-selling Romanian car in the West, though, is the four-wheel drive ARO which was originally

The state of the s	Championship which Italy craves. Condemned 495 0.00 0
	Surprising if in the next three years his attention to detail, his proven management skills and the Chidella "golden bouch" do not deliver the world to chidella "deliver the world to chidella". Suzuki 79040 0.64 65607 0.57 20.5 Suberu 54896 0.45 50661 0.44 8.6 Indicate the world control of the
	Unfortunately for Ferrari, Wessel 352810 2.86 336192 2.93 4.3 Viitorio Ghidella cannot use- Toyota \$42451 2.79 334049 2.88 2.5
	heavy one" but he recognises that the need to improve Ferrari's fortunes is very important for the Flat image in Haly. **Menufactorer** Western Europe Japanese car registrations (15 markets) **Menufactorer** 1987 % Share % Change

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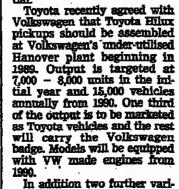
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being drawn into Nissan's world-wide manufacturing pro-

gramme with the start up of

export of components to Nissan Mexico, and, if talks with Ford of Europe are successful, a further 40,000 joint Ford / Nissan 4WD utility vehicles

lowing Nissan's example by

setting up an independent greenfield site, and instead it has been speaking to several

producers, including BMW and

Fiat, about collaborative poten-

ants of the Hilux are to be sup-plied in built-up form for sale under the VW badge from next January at an annual rate of 5.000 units.

This tie-up is viewed as

towards a collaborative produc tion base in Europe. It could clearly be followed up by a joint assembly arrangement on specialist car models and Toyota is known to be particularly interested in the large car and performance knowledge of the Audi operation.

could be coming off the Berce-lona assembly lines by 1991.

Consolidating its upmarket ambitions, Nissan has also Toyota does already have a limited assembly operation in Europe. Since 1971 it has had a signed an agreement in flaly with coachbuilder Zagato for the design and assembly of a new \$70,000 high performance 27 per cent stake in the Portuguese firm Salvadez Caetano which assembles Toyotz utility huxury sports car.

After years of holding back,
Toyota is now believed to be vehicles including the Land-cruiser. These vehicles contain a high European content actively engaged in a search for a joint venture partner to begin production of passenger cars in Europe. The company has ruled out the option of fol-Italian engines and Portu-guese, Spanish and West German equipment – with export markets including Italy and

Honda, despite the ending of its reciprocal production of the Honda Legend / Rover 800, is continuing to assemble the Honda Ballade at Rover's. Longbridge plant, it expects to produce a total of 3,500 there this year and it is to be joined next year by the Honda Con-

The Japanese company is to supply engines for the new model from its Swindon base and output has been set initially at 5,000 right-hand drive-models. The ann is to market some 20.000 units a year in Europe out of a total production rate of 30,000.

So long as its production arrangements with Rover are able to develop in the near future, it is unlikely than Honda will decide to opt for an independent assembly operation in Europe.

Mazda is setting up a new research and development office near Frankfurt, West Germany Next year it will

tive opportunities in the run-up to 1992. Recently discussions have been held with Saab-Scania regarding assem-bly of hatchback variants of Mazda's 626 saloon at the

Other links in Europe include discussions over the assembly of Mazda 4-wheel-drive light utilities by Austrian specialist Stayr Daimler-Puch and it is reported that Ford's forthcoming generation of small and medium cars for Europe is to draw heavily on. Mazda engineering. Mitsubishi has no production

facilities in Europe, but in Por-tugal Mitalurgica Duarte Fereira (MDF) assembles both medium and heavy trucks and vans from Japan. Production capacity at the Tramagal plant is about 3,000 vehicles. More significantly, Mitsubishi has been operating with Daimler-Benz for a number of years. A recent project to produce Mit-subishi's L300 van at a site in Spain has been shelved but the search is on for an alternative

This arrangement should both extend Mercedes' range downweight and benefit Missibishi by a stronger commercial vehicle presence in Europe, particularly in Spain, France

and italy.
Mitsubishi has also revealed that it is investigating sites in Spain, West Germany and the UK with plans for a car produc-tion plant before 1992.

Suzuki has a link with Land Rover in Spain from where it exports the 4-wheel drive Santana to various European mar-less. From 1990 4-wheel drive

output is to be doubled with the addition of 24,000 Vitara models per year and a decision is to be taken next year on whether to set up a European plant for the production of 120,000 cars per year. It has been suggested that Land Rover of the UK might sell its \$1 per cent stake in the Spanish operation to Suzuki
Full is preparing to invest
flumn in the conversion of a

manufacturing facility at Angers, in Western France. Formerly owned by international Harvester, it is planned to produce 30,000 Subset 4 wheel drive cars per year on the site with first sales sched uled by early 1993. To mee government minima or so cent local content, Rens componentry may be installed.
In the face of a cool reaction to
the proposal by the French
Government, alternative locations in Spain and Portugal have also come under scrutiny.

Isuzu's presence in Europe is closely linked to its relation-ship with General Motors. As well as production of light vans at the IBC plant in Luton, UK, the company has agreed to supply the powertrain to Lotus for its forthcoming Elan model and it also supplies diesel engines to GM's Spanish assembly plant. There are suggestions that the 4-wheel drive Isuzu Prooper range may in future be assembled in the UK.

Daihatsu maintains component supply deals with hono-centi in Italy, as well as in Greece and Portugal but with an eye on 1992 the company recently agreed with Ralian specialist Bertone to assemble up to 4,000 of its 4-wheel drive

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Mercedes-Benz

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ate some of the most

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The Mercedes-Benz production philosophy tolerates no compromise. It is an approach to car building that embraces every single discipline.

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Mercedes-Benz, surely, uses ground walnut husk powder and oil as a mild abrasive with which to clean and polish the interior of newly machined gearbox casings.

Undeniably, today's Mercedes-Benz is indeed a more complex car, an even more thoroughly engineered and innovatively designed car, than its predecessors, but it is also reassuringly safer, more practical, less demanding to own and

easier to drive, than ever before.



ENGINEERED LIKE NO OTHER CAR IN THE WORLD.

VII*

MR JACQUES Calvet, the

in Europe both in terms of car sales and profitability over the next four to five years.

A few years ago, it would have been difficult to imagine Mr Calvet speaking so confidently about Peugeot's ambi-

tions of becoming the leader of

the European car industry. When he joined the group six

years ago, Peugeot was on the brink of bankruptcy. Mr Calvet himself had no

direct experience of the car

industry. After a distinguished

career as a civil servant - he was "directeur de cabinet"

when the former French Presi-

dent Valery Giscard d'Estaing was Finance Minister between 1970-1974 – Mr Calvet beaded

the Banqua Nationale de Par-is(BNP), France's largest state-owned commercial bank, until

the Socialist government

replaced him after President Mitterrand'a victory in the 1981

elections.

Mr Calvet was called in by the Pengeot family in 1982 to help rescue the car group battered by the difficulties of both absorbing Chrysler's European operations acquired three years earlier and the industry recession in general. The pri-

outspoken and combative . chairman of France's Peugeot-Citroen car group, has set him-self an ambitious challenge — to make the private group No 1

The two top manufacturers stage a recovery

A French renaissance

the French car industry. Sales have been buoyant and profits have been flowing in the cof-

fers of the car manufacturers. New registrations this year are expected to top last year's record of 2,105,000 cars and rise to around 2,150,000 or perhaps even more. France's two big car manufacturers will both report strong profits with the private Peugeot group forecast-ing net earnings of at least FFr6.7bn and probably more, while the state-owned Renault group will confirm its financial recovery with net profits of

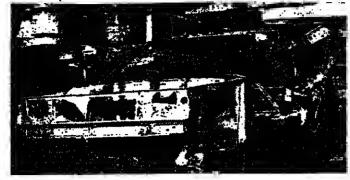
more than FFr6bn. It is a dramatic contrast to the situation of barely four or five years ago. The French car industry was then on the edge of a precipice. The private Peugeot group was struggling to avoid going bankrupt and Renanit was swimming in a sea of red ink, providing the French government, its sole share-holder, with a monumental industrial headache.

Peugeot first led the way with a Draconian restructuring of its Peugeot and Citroen workforce and the integration and modernisation of its indus-trial plants. The launch of highly successful new models from the Peugeot 205 supermini to the Citroen BX, followed by the more recent Peugeot 309 and 405 and the Citroen AX mini, have also consolidated the private group's recovery. The group is now about to renew its top of the line model ranges with the launch next year of a new top range Citroen followed by a top range Peugeot.

Mr Jacques Calvet, the chairman of Peugeot and principal architect of the private group's remarkable comeback, has now set the ambitious target for the Peogeot-Citroen group to become No 1 in Europe by 1992 or 1993. With a 12.75 per cent share of the European market, the private French group cur-rently lies third in Europe after Fiat and Volkswagen,

Eveo though Mr Calvet now expects the French and European car markets to start declining next year and in 1990, after unexpectedly strong market rises doring the last two years, the Peugeot chairman wants to continue boosting the production capacity of

his group. Peogeot's production is expected to rise above 2m cars this year from 1.9m last year.



pany out of its costly US investment in American Motors by selling Renault's controlling stake in AMC to

Helped in part by the recov-ery of the French and Euro-

pean car markets, Rensult returned in the black last year

with a profit of FFr3.7bn after

accumulating more than

FFR25bn in losses the three

previous years. The company

is now talking of profits of

more than FFr6bn this year and Mr Levy remarked at the

recent Paris motor show:

When a man in France sees a

Renault passing in the street these days, he no longer says

But Renault continues to be

ded to reduce its indebt-

burdened by its heavy debt. Even though the group has

edness from FFr55bn at the

end of 1986 to under FFr40bn

by the end of this year, the debts are still huge especially

by comparison to the state

group's main competitors. The car group is now hoping to

reduce its debts further this

year by securing a FFr12bn

debt relief programme from the government bringing total debt

Tha Renault debt relief plan,

however, has been at the cen-

tre of a major controversy for

the past year both in France and in Europe. The former

right-wing government of Mr Jacques Chirac had negotiated both with the private Peugeot group and the European Com-mission a plan which linked the debt relief with the trans-formation of Pengult's privi-

formation of Renault's privi-

leged status of a state-con-

trolled "regie" whereby the government could never allow

the company to go hankrupt

into an ordinary company or

"Societe Anonyme". At the

down to around FFr28bn

there goes my taxes".

Mr Calvet would now like to see production capacity grow to 2.3m cars during the next two years and 2.5m cars over the next four years. These increases would be undertaken by further investments in the group's existing plants in France, Spain and the UK.

The more recent recovery at Renault has been equally spectacular. It started two years after Peugeot when the Socialist government at the time decided that France could no longer afford to subsidise indefinitely the state car group and appointed Mr Georges Besse, one of the country's most esteemed and toughest manag-ers, to put an end to the financial haemorrhsge of Renault and restructure the company.

Mr Besse launched a sweeping restructuring programme, cutting back the workforce of a group which had always been a "social model" of state enter-prise in France. He recentred Renault around its core car manufacturing business, divesting the group from nonstrategic operations. Rigorous cost controls were introduced and the productioo break even point was steadily redoced. The fruits of this restructuring and the demystification of Renhad begun to show before Mr Besse was assassinated by left-wing terrorists outside his

Paris home in November 1987. The government appointed Mr Raymond Levy, a former senior executive of the French Elf-Aquitaine oil group who had been running the Belgian Cockerill-Sambre steel concern. to take over the reigns of Renault. Mr Levy accelerated the recovery strategy begun by his predecessor. He continued the policy of recentring Renault around its core European car ties pledged not to support financially in the future the state car group.
The new Socialist govern-

ment has now confirmed the debt relief plan and its wish to see Renault operate like any other "normal" company. But it no longer wants to transform the company's legal status for fear of provoking what it says is the risk of "a religious war" with the trade unions. For the Socialists, the issue of the Renault status is academic and symbolic. In practice it makes no difference in the government's opinion whether Ren-ault is a "regie" or a "Societe Anonyme" since the company is now operating as an ordi-nary competitive enterprise no different from other company. Mr Roger Fauroux, the French industry minister, has thus launched a new round of negotiations with the Bruss authorities to secure their approval for a modified Ren-

anit debt plan which would not involve a change in the com-pany's status. The French government is now hoping to secure the Commission's approval before the end of this year, but the negotiations are complex. They are made all the more difficult because the private Peugeot group is likely to oppose any new proposal which it feels risks undermining competition in the domes-

tic car market. The Renault debt plan nego-tiations also coincide with another thorny issue between the European Commission and France. This involves a dispute between France and tha UK over the export to France of UK-built Japanese Nissan cars, The UK authorities are arguing that the UK-Built Nissans qualify as "European" made cars because their European local content is over 60 per cent. As a result, the UK says that the Nissans built in Sunderland should not be included in French import quotas on Japa-nese cars restricting Japanese car imports to 3 per cent of the sumual French car market.

However, France has insisted on at least 80 per cent local content for UK-built Japanese cars to qualify as European products. The issue has now been taken up in Brussels and the negotiations, in the same way as for the Renault debt plan, are expected to be tough and tense.

PROFILE: JACQUES CALVET

Peugeot aims high



Jacques Calvet, Peugeot-Citroen chairman; the 205 appermini has been a con

French industry to make it internationally competitive. Mr Calvet followed up the restructuring at Peugeot with an equally sweeping reshaping of the group's Citroen subsidiary. Productivity was sharply improved, the group's mains-trial network in France, Spain

camped on his success. He has

soit group too much state sup-

timued to be an outspoken

recession in general. The pri-vate car group was also deeply unsettled at the time by Communist and pro-Communist CGT union efforts to national-ise the company, indeed, the Communists dreamt of merg-ing Peugeot-Citroen with the state-controlled Renault group and the UK was better integrated, plants were modern-ted, and the group launched a series of successful models which helped it return to the to form one giant national car forefront of the European car After accumulating more

With the dice apparently loaded against him, Mr Calvet engineered one of the most than FFrSbn in losses between 1981-84, Mr Calvet steered Pengeot back in the black in 1985 with earnings of FFr543m and profits of FFr3.5bn the followspectacular financial and industrial recoveries in postwar France. He began by tak-ing the Socialist government of Mr Pierre Mauroy head on, by launching a Draconian proing year. Profits rose even more sharply to FFra.7hm last year and this year they are expected to be higher although gramme of restructuring and job cuts. The authorities at the company is now paying full first opposed the plan, which reached a climax with the But Mr Calvet has not

famous "battle of Poissy" when violent clashes empted at the company's large plant outside Paris, taken over by Pengeot when it acquired Chrysler's defender of his group and of the interests of the French and European car industry. During the last few months, he has repeatedly made the headlines because of his public stand on European assets in 1979. But the incidents at Poissy acted as a watershed in labour relations not only at Pengeot but also in French industry in a series of controversial iss These range from Surope's plans for new small car emission standards, the need to defend France and Europe general. Mr Calvet finally won the day and the restructuring went ahead. At the same time, from unfair Japanese competi-tion and, in France, the need to the mood began to change in industrial relations with a avoid distorting competition by granting the nationalised Rengrowing acceptance and awareport to restructure its debt burened balance sheet. Mr Calvet'a combative

stance on key public issues often appears to have paid off.
Last summer he persuaded the French government to revise its position on European emission controls to safeguard the interests of small and medium sized vehicle manufacturers. He has also campaigned strongly against efforts to undermine the buoyant French diesel car market by proposed changes in the taxation of pet-rol and diesel in France which would have increased diesel prices with damaging repercus-sions to this market sector.

Mr Calvet is now seeking to instil his deap personal involvement in the affairs and future of his car group throughout the ranks of the company. To motivate the company now that it is again profitable and healthy, he has launched the new challenge to make his group No 1 in Europe over the next four to five years. To this end, both Paul geot and Citroen are keeping no significant investments to continue improving productiv-ity levels as well as production capacity which Mr Calvet wants to boost by nearly 20 per cent over the next four years to around 25m cars a year, At the same time, he is continuing

to strengthen the group's

financial bases by steadily chipping back the group's

indebtedness which has

aiready come down from meanly FFreein in 1985 to less

The group's strategy is also based on a regular renewal of its Peugeot and Circom model ranges based on four basic cat-egories (mini, small/medium, medium, and large) for Pe

the two marques resintaining their own specific characters, style and sutenemy, Mareover, to expand the group's car catalogue. Peugeot and Citroen have been multiplying the vari-ery of different models in each of the four basic categories. The commercial success of

the Peugeot 205 supermini and of the Citroen BX medium sphoon has made a major con-tribution to the financial recovery and the revival of the image of Peugeot during the last few years. Since then, Citroen has launched its AX mini while Peugeot has launched the 309 small/medinn saloon and the recent 405 medium saloon. Mr Calvet now plans to consolidate the resewal of the ranges of his two marques by launching next year a top of the line Peugeot as well as a large Chrom. For all these reasons, Mr Calvet appears confident over the future. At the recent Paris motor show, he told a crowded press gathering: "I truly believe that Peugeot SA is establishing itself as a permanent contender in the automobile industry." The next step is to become No I in Europe.

same time, the French authorioperations and pulled the com-Not everyone is going to like the way our Prima Turbo Diesel performs.



Service stations are not going to be very happy with us. The Perkins Prima engine in the new Montego Turbo Diesel takes this car a long way between fuel stops. And a very long way between services.

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Perkins

Sweden's two big car makers put pressure on their government

Fighting off the Japanese

THE JAPANESE car threat reached the shores of Sweden this year and the two big home-grown companies — Volvo and Saab — were so alarmed that they applied pres-sure on the Swedish govern-ment to try and secure some limitation on the level of Japanese car imports.

ness of the need to modernise,

rationalise and restructure

In August Japan's anto mak-ers agreed that they would observe a voluntarily agreed limit on the number of their cars entering Sweden in response to a request from Japan's powerful Ministry of International Trade and Industry. This followed months of discussion between the Swedish and Japanese governments

over the issue.

However, it is going to take some time before the agreement will make much difference to the level of Japanese car imports into Sweden.

The latest figures on new car registrations in Sweden for September help to explain why there is such official concern in a country that has traditionally taken a very open, liberal attitude to foreign imports of attitude to foreign imports of manufactured goods. Last month Japanese cars had captured as much as a quarter of the entire Swedish market. So far this year as many as 63,985 new registered cars were manufactured by Japanese companies (around a third by Toyota) out of a total national figure of 251,229 registrations.

251,229 registrations.

The arrival of Japanese car competition in Sweden has been sudden and dramatic.
Three years ago Japan enjoyed
only 16 per cent of the market's total share and Volvo and Saab between them had just over a third. But now the Swedish companies complain that their joint position is only slightly higher than that of Japan, which has experienced an increase of more than 55 per cent over the pest nine months in car sales to Sweden. West German cars account for 35 per cent of new registrations in the Swedish market.

The Swedish government proved receptive in general election year to the increasing complaints of the Swedish carmakers. It was suggested that the Japanese companies had decided to concentrate their sales efforts in Sweden because of the increasing difficulties they faced in the markets elsewhere in western Europe from restrictions on their imports. The Swedish foreign ministry has made it clear that if Japanese car imports did not fall by a "reasonable amount", then



Stockholm would think about taking some unspecified action under the General Agreement on Tariffs and Trade.

At first sight, such a break with Sweden's traditional liberalism in trade might look rather like an over-reaction. Saab are under any direct threat in their main quality product ranges on the Swedish home market from the smaller, less pricey volume cars coming from Japan. But the companie fear that the failure to respon would have encouraged their Japanese rivals to extend their activities into the quality end of the market and they also want to have some bargaining leverage in their attempts to enetrate the Japanese market. The well-publicised controversy over the level of Japa-

nese car imports into Sweden has tended to divert attention away from the problems facing the car divisions of both Volvo and Saab. The damage inflicted in the first quarter of 1988 by a national white-collar strike had a serious, though short-term, impact on profits but the companies have recovered powerfully from that unex-

Much more serious has been the continuing squeeze on their car sales to the US, still the major market for both of them, due partly to the low value of the dollar as well as exchange rate finctuations which have had an adverse effect on Swedish car price competitiveness. In the first seven months of the year Saab recorded a 15 per cent drop in its car sales to the American market, while Volvo suffered a decline of 20 per cent up to the

end of Jane. Nevertheless, the American

own despite the difficulties which they share with other foreign car manufacturers.

However, western Europe looks increasingly likely to looks increasingly likely to become a much more impor-tant area for both of them over the next few years than it has been in the past.

The highly publicised anxi-eties being expressed inside the Swedish motor industry

about the consequences for Volvo and Saab of the creation of the European Community's free internal market by 1992 are a good indication of their concern not to be cut off from what is their potentially most important future growth

The business strength of Volvo and Saab at the moment owes perhaps more to their export successes with their trucks and buses as it does to their motor cars but both companies are working at full capacity in auto manufacture.
Indeed, next year they are
opening new plants to meet growing demand. Saab has a new assembly plant opening in Maimo, which will produce 60,000 cars a year from the autumn of 1989 and raise the company's total car production. capacity to an annual figure of 180,000 units while Volvo's Uddevalls plant will be producing 40,000 of the 740 model annually from next year.

These expansion plans are linked to the Swedish car industry's clear objective of concentrating more of their financial resources in investing in the executive car and of the pects shead market, a plan which really

Volvo's car plant at Torslands, near Gothenberg, where the 740 and 240 series are pronarket remains the biggest for saab and Volvo and the companies can be expected to make a determined effort to hold their the company's annual 300,000 price 700 range of Volvo cars now makes up 60 per cent of the company's annual 300,000 production of medium-sized

For its part, Saab launched itself into the executive car market six years ago with the introduction of the 9000 series. As much as 49 per cent of its planned output this year will be in that high quality range of

The Swedish auto strategy locks increasingly sensible, drawing advantage from the industry's international repu-tation for reliable but high cost products. There is no doubting the alarm inside the auto companies about the increasing pressure from environmentalists lobbying against them and this has forced them to take a much greater interest in their own pollution, particularly in vehicle emissions.

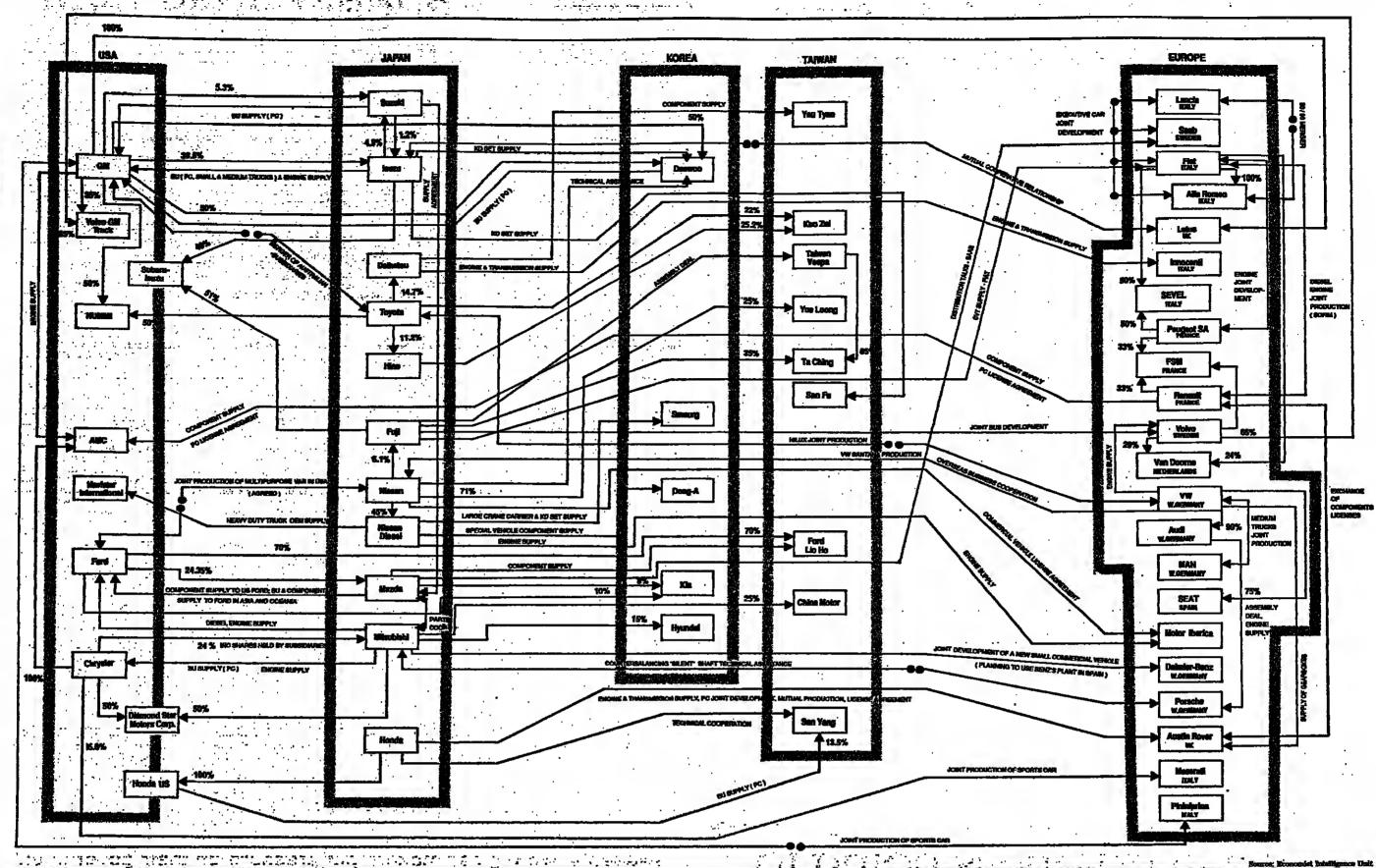
Yet the growth in Green power in Sweden has not power in Sweden has not diminished the degire of Swedes to be car owners. This year car sales have risen to record levels, a good reflection of the over-heated economy. In the period up to September finere was a 12.0 per cent increase compared with the first eight months of 1987.

Prospects for 1989 look

Prospects for 1989 look equally good at the moment, though these could change. Certainly neither Volvo nor Saab is expressing any worries at the moment about the immediate future of their prod-uct range. But both the Japanese threat and the challenge of 1932 inside the EC means that neither can afford to be complacent about the pros-

Major links only. Complex actions are now taken by partners, the trend being to ad hoc flows of capital and components and increasing cooperation

Al . . . hull all . . last all and all

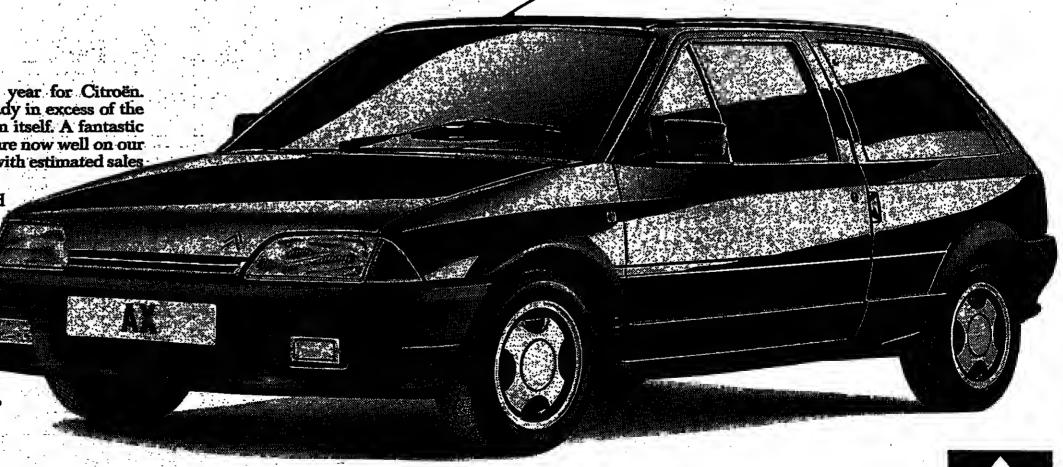


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DEALER FRANCHISING PROGRAMME 1988

Strength of yen and tough competition is making it harder to export

Japan looks to its own backyard

THIS YEAR, for the first time in more than a decade, Japa-nese carmakers should get more than half their sales and operating profit from the domestic market rather than

Their backyard has become a sanctuary. Abroad they are being buffeted by the strength of the yen; tariffs, quotas and voluntary export restraints; and tough competition from America's reviving Big Three and the low-cost South Kor-

The number of cars exported from Japan has been falling since 1985. Though some of those are being replaced hy local production, Japanese car-makers' foreign plants are only now starting to turn out vehicles in quantity. For the past three years, they have had rising sales at home to thank for keeping total production at the 1985 level of 12m vehicles a

Last year, sales of cars and vans in Japan topped the 6m mark for the first time. This year should be another recordbreaking one, with a 6.2 per cent rise in sales to 6.38m vehicles. Despite price increases for new cars, domestic demand has been booming, stimulated by government measures to cut the country external surpluses. In the first eight months of this year, total domestic car sales, at 2.05m vehicles, were 13.8% higher than in the same period of 1987, while sales of luxury car (defined as vehicles with engines of 2 litres or larger) doubled to 110,752 units.

Car sales in Japan are overwhelmingly sales of Japanese cars. Last year, imports, although 43 per cent up on the

World motor manufacturers									
		results	1986						
	make	sales	net Income	sales	net income	capital	shereholders equity ratio		
Japan	Toyota	45,411	1,773	40,280	2,094	791	65.7		
oupui.	Nissan	29,269	139	25,708	198	628	49.0		
USA	GM	101.782	3,551	102,814	2.945	779	42.3		
USA	Ford .	71,643	4,625	62,716	3,285	537	39.2		
	Chrysler	26,632	1,290	22,586	1,404	230	37.0		
-	Daimler-Benz	37,276	985	30.163	814	1,178	26.2		
Europe	VW	30,322	333	24,312	267	691	25.7		
	Fiat	29,319	2,484	19,679	1.450	1,509	25.9		
	Renault	24,540	614	18,923	-800	745	-7.7		
	Paument S.A.	19.660	1,116	15,146	518	164	14.8		

1986 total, were a dribble at 98,700 vebicles. This year, imports are forecast to grow a further 22.7 per cent to 120,000. For the first time, these will include Japanese cars built abroad. Honda has started to hring in 5,000 Ohio-huilt Accord Coupes for this year, a figure it thinks will rise to 50,000 a year by 1990. Mazda is importing an American-made small car, the Probe, which will also be selling in America and Japan with a Ford badge.

These imports will make the already fiercely competitive domestic market more cutthroat. This year's projected total sales are 180,000 vehicles above the level the industry considers the market's ceiling

Within this fight for market share, the sales growth targets for the individual manufactur ers vary enormously. Honda and Mitsnhishi Motors, who are slugging it out for the No 3 spot in the industry, are aiming for well-above-average increase in sales in Japan of 13.3 per cent and 12.5 per cent respectively. If achieved, they would leave the two manufacturers level-pegging with 1988 Conservative Toyota, the industry leader, which this year rolled out the 60 millionth car it has built, plans a modest 1.8 per cent increase in sales to 1.91m vehicles for the year. For the first time in eight years, it has a domestic sales target higher than its export one. Nissan, the industry No 2

sales of 620,000 vehicles each.

and which is recovering from a rocky couple of years in which it was losing money on its carmaking after Toyota launched a price war to boost its market share, is looking for relatively strong growth in sales in 1988 of 6.5 per cent to 1.09m vehicles. Its 1987 sales were stagnant. A new, stylishly-designed

range of cars (plus a fearsome cost-cutting campaign) is restoring its fortunes. Its Cima, a BMW Series-5 clone based on its old Cedric model, has been a hit in the luxury market. Despite selling for Y5m, this has a waiting list of a couple of months, a phenomenon virtually unknown in the car trade in Japan.

Like the other carmakers, Nissan has been revamping its

domestic sales networks. Last year, it embarked on a fouryear re-organisation of its 3,000 dealerships, which have been divided on product lines, into regional groups. It will use this as an opportunity to weed out the weaker ones. But it also plans by 1991 to add a further 200 dealerships overall. Toyota, which has a target of

2m sales a year by 1990, is also pouring money into its sales network, particularly in the Tokyo area where it has never been strong and where its sales are now being eroded by Nissan's comeback. Toyota is spending Y300hn a year for three years to add 100 dealerships a year to bring its total up to 4,400 by 1990.

The hard selling, especially of replacement models, is still done in Japan by teams of home-calling salesmen. But a lot of money is going into remodelling showrooms. The newest ones in Tokyo look like chic galleries in which the odd car has been carefully placed for purely artistic effect. Nissan is taking showroom redesign furthest. Its new stan-

dard dealership for suburban

showroom and workshops, but family restaurants and shops,

New showrooms require new models. Japanese carmakers update their existing ranges constantly but there have been several major new launches stimulated by the Tokyo Motor Show in 1987. Apart from the Cima, Nissan revised its Bine-bird range. Mitsubishi introduced a range of subcompacts called Mirage. Honda launched its Prelude and revamped its popular Civic series. Toyota brought out new versions of the Crown and Corona models.

cutting both through moving production offshore and lowering break-even points, plus the growing domestic market have combined to restore the industry's profitability, despite the tough competition. Nomura Securities forecasts that the industry's aggregate operating profit, which was halved in the 1986 financial year, will recover this year to within 10 per cent of its pre-high yen

The new models, greater

sales promotion, fierce cost-

Whether this recovery will continue into 1989 depends mostly on how strongly domes tic demand continues to expand. The prospect is mixed. The OECD forecasts that Japan's real GNP growth will slow from 4.25 per cent this year to 3.75 per cent in 1989. The carmakers may be cushloned against that by tax changes. Bills now before par-liament would scrap a 23 per cent commodities tax now imposed on new-car sales Instead, these would be subject to the proposed general 3 per cent consumption tax.

Jemes Andrews

Japanese car factories in US set to step up output by 30 per cent

'Transplant' production increases

plants in the US, last year, climbed by one third to over 600,000 units. This year, two new 'transplants' have already come on stream.

In July, Toyota added a new facility at Georgetown, Kentucky and there was a September start up for Diamond-Star Motors, a joint Mitsublshi/Chrysler operation.

With this expanding base, Japanese output in the US looks set to advance by another 30 per cent to top resents over 10 per cent of Japan's domestic car ontput and it contrasts with an expected 8 per cent setback in prodoction (to 5.9m cars) for the indigenous US Big Three – Chrysler, Ford and General

US production is regarded as essential to reduce costs while the dollar remains weak against the yen. It also assists in easing the protectionist clamour in the US and In getting around the confines of

shipment quotas. At current exchange rates and productivity levels, unit costs for Honda's US made cars, for example, are said to be comparable to those of Japanese-built models after allowing for delivery costs of \$500 or more on each Japanese-sourced

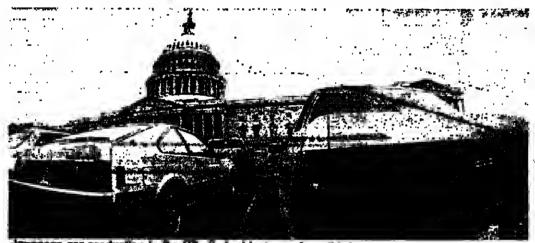
First exports from Japanese transplants in the US are now underway - to Japan and other world markets. By 1991, Honda of America is preparing for the export of 70,000 cars per year and with the expected move towards the exclusive siting of full-size and sports models in the US, shipments to Europe are expected to follow.

As more and more affiliated component manufacturers follow Japan's vehicle producers to the US - at the last count over 300 had moved or were on their way – domestic content ratios are rising rapidly and by 1990 Japan's Big Three —
Toyota, Nissan and Honda —
will all have in place new lines
of cars larger than current full
stee Buick and Cadillac models, and powered by new genera-tion V8 engines.

All the leading Japanese producers have now established engineering design studies in southern California in an effort to develop new model lines closely tailored to the US market. At the same time it is hoped that this will enable them to cut product development cycles from the current four years to two. This should also help to reduce costs and boost sales potential with much finer targeting of niche

In the US the inflow of Japanese component producers looks set to continue. Bases are being set up within a narrow radius of the transplant sites to facilitate "just in time" component supplies either on a solus basis or, more commonly, via s joint venture. Recent such link-ups include TRW and Fuji Valve (Valve train components) and NHK Spring and Lear Slegler (automotive

As well as supplying the Japanese plants, US vehicle producers are being targeted.



impanese car production in the US climbed last year by a third Components are also now

being shipped back from the US to production plants in Japan. Honda has hinted that there could be mutual trading of components between its plants at Ohio and at Swindon in the UK.

In the heavy truck sector, Nissan Diesel has agreed on a joint approach with Navistar but it is the light van sector which looks set to fuel the next surge in Japan's transplant ambitions.

Last year the competitive edge was lost in this sector dne to the combination of a 25 per cent tariff and the high yen. This has led to a reversal of trading positions with Mazda, for example, recently resorting to re-badged Ford models in an effort to maintain sales. At the moment only Nissan is produc-ing pickups in the US but Toyota is preparing to follow along with Isuzu.

Apart from Honda, other leading Japanese producers are established their US production bases through some col-laboration with US manufacturers - Mazda with Ford, and Mitsubishi with Chrysler. Over 20 per cent of the cars being produced at Japanese plants in the US to 1995 will consist of se Japanese – US hybrids carrying American brand

In March this year, Honda began exports of its US-built Accord coupé model to Japan. This was the first Japanesehuilt model to be exported from the US to Japan. Engines are currently sourced from Japan but it is expected that the company will switch to US produced alternatives in the future. Domestic content on the model is reported at 60 per cent. but average domestic con-

tent at Marysville is being raised to 75 per cent in 1991. Honda of America is planning to ship out 4,000 Accord models to Japan this year. Shipments are expected to rise to 50,000 units per year by 1991 with an additional 20,000 vehicles destined for export to other world markets. US-built Accord models have heen

exported to the Taiwan market

Additional provision has been made by Honda of Can-ada Manufacturing to start production of the three door Clvic hatchback at Ontario. Construction of additional facilities for stamping began in Spring this year ready for operation next year. En route to sales of Im cars per year in the US, Honda has laid plans to increase its US output to 510,000 vehicles in the early 1990s. The company is planning to build a second car plant in Ohio, with production starting next year at 150,000 units per year and rising to 200,000 units. (There is specula-tion that capacity could ulti-mately be raised to 350,000 units.) Output at the existing Marysville plant is also to be raised to 360,000 units per year this year and \$150mn is being invested at the Ohio engine plant to raise production to 500,000 1.5 litre engines per year. Total Honda manufacturing investment in Ohio will

exceed \$1.7bn in 1991. Most future growth in the US is expected to come through the Acura Division with sales scheduled to reach 400,000 units by the early 1990's through a dealer network poised to reach 600 by 1991. in April, this year, Nissan Motor Manufacturing Corporation of the US (NMM)

announced that it was planning to add production and assembly of components, including engines for Sentra passenger cars, to its capacity, starting from summer next

NMM claimed over 50 per cent local content at the beginning of this year and this new move is expected to enable local content on Sentra models to be raised to 70 per cent in 1990 and over 75 per cent in NMM is scheduled to begin assembling rear axles for the

Nissan Truck next February

and engines for the Sentra next July. Production of plastic bumpers and fascias for the Sentra is planned for August 1990. The engine to be assemhled in Tennessee will be a 4 cylinder, 12 valve, 1.6 litre unit, with monthly output targeted at 12,000 units when produc-tion comes on full stream. Ties between Nissan and Ford were taken a stage fur-ther recently with the announcement of a joint US production venture for a peo-ple carrier to challenge Chrysler's leading Plymouth Voy-ager. The new model will be designed at Nissan's San Diego studios with production by Ford at its Ohio truck plant Start-up is scheduled for autumn 1991 at an annual rate of 135,000 units of which Nis-san's US operation is to take 50,000 Nissan will supply main panels from its Tennessee

plant and engines and transaxles fro Japan. Negotiations are underway between Toyota and General Motors which could lead to the start-up of pickup production at the Fremont New United Motor Manufacturing plant in California. The addition of a

Japan's production base in North America manufacturer location models start-up Marysvilla. Ohio Honda Accord Civic 320,000 Nov 1982 Marysville, Ohio Civic. Acura integra Honda 150,000 Aug 1989 Honda Anna, Ohio Engines Sep 1986 Nov 1986 90,000 Accord Honda 80,000 Fremont, California Toyota/GM Chevrolet Nova, Toyota FX 250,000 Dec 1984 Georgetown, Kentucky Toyota 200,000 Mid-1988 Cambridge, Ontario Corolla Toyota 50,000 Smyrne, Tennessee Pickup, Sentra 265,000 Jun 1983 Flat Rock, Michigan Mazda MX-6, Ford Probe 240,000 Jun 1987 Mitsubishi/Chrysler Bloomington, Illinois H24S Sports 240,000 Nov 1988 Fuji/Isuzu Lafayette, Indiana Subaru 4WD saloons Nov 1989 & stationwagons. Isuzu 4WD utilities 4WD Samurai Ingersoll, Ontario 80,000 120,000 Apr 1989 **Total Capacity** 2,205,000 Units Source: Economist Intelligence Unit

second assembly line could permit output of 100,000 pickups per year. A decision on the project is expected by the end

Output of cars at Fremont has fallen well short of capacity, Original plans called for annual production of 200,000 Chevrolet Novas and 50,000 Corollas, but combined output last year was less than 180,000 units. Now the model line up is being changed to substitute the Adopt for the 2-door Corolla (FX). Output of the Corolla is also to be doubled to 100,000 units per year. Export targets include Canada and Taiwan and work on a \$300m power-train facility at Georgetown is underway.

Output at the joint Mitsuhishi / Chrysler Diamond-Star Motors is expected to reach 80,000 units next year with full production scheduled by 1990. Initial output consists of equal proportions of Plymouth's Laser and Mitsubishi's sport-ing Belipse, Four-wheel-drive variants follow next spring with two additional saloon models expected to join the line-up by the antumn. A highly flexible and automated production base has been installed to cope with this vari-ety of models including almost 400 industrial robots.

Following the addition of a second shift in June, Mazda reached full production at its Flat Rock plant in September and with overtime ontput could be stepped up to 300,000 models per year. The first model to be produced was the MX-6 sports coupe with output of Ford's successful Probe model getting underway last January. An annual target of 6000 Probe models are to be exported to Japan following exported to Japan following first sales in September, and in antumn next year a third model - Mazda's 626 - will be added to the range. It has also been suggested that Mazda might, in future, shift production of its sports RX7 models exclusively to the Flat Rock plant. A decision on the possible addition of an engine plant in Michigan is expected by the in Michigan is expected by the end of the year.

Fuji Heavy Industries is currently constructing a plant jointly with Isuzu to build vehicles in Indiana. The company has been under pressure from the US government to raise local content plans and it is now considering adding a plant to produce vehicle engines. In a separate venture, speculation remains that Isuzu could take over a GM plant to start up US production of light

Suzuki of America is looking for rapid growth in the US in the specialist sport-utility sec-tor. An ambitious new product programme gets underway with the opening of the plant in ingersoil, Ontario. It will be the source of a 1989 model sport-utility vehicle which is to be shared with Chevrolet. Suzuki of America is to receive 35,000 vehicles from the new facility in its first year of open ation. In 1991 Ontario is also to begin supplies of an exclusive small sports car.

lan Robertson have been affected by stop-

RATIONALISATION

Industry's structure poised for change

around a doses. Sepanese car companies, the country's Min-istry of International Trade and industry (MIII) had a plan to cut their number to a hand-

Believing that only large-scale carmakers would survive, officials wanted to force mergers that would concentrate the industry in to three main groups, based on Toyota, Nis-san and Mitsubishi Motors.

Nissan took over the tiny Prince Motors but that was about as far as things went. A revolt by the industry forced the ministry to drop its plan. Even the Nissan takeover was mainly for Prince's aerospace technology.

This was incky for Honda. It was on the list of companies to be rationalised. Officials thought that the motorcycle manufacturer, then just turn-ing to small cars, was a nohoper. But, like Honda, the plan survives. It was never thrown away, just shelved. Now it is being dusted down

There is not likely to be a rush of mergers at government gun-point. MITI officials acknowledge that these days their ministry has neither the power nor the inclination to force that, if anything, the agents of change this time will be industrial Bank of Japan, banker to Missan and Fuji Heavy Industries (the maker of Subaru vehicles), and Sumitome Bank, banker to Mazda and an growing power in the Japanese car industry.

The nine vehicle makers Japan has now will probably all still be around in five years time, at least in name. Yet, by the mid-1990s, the underlying structure of the Japanese car industry will be much differ

The sort of concentration that the ministry envisaged 15-20 years ago will have emerged through voluntary tie-ups and collaborative ven tures for R&D, production and marketing with only the gen-tlest undge from the ministry and the banks. It will be a web of alliances, spin round per-

haps three core companies. The spinning has already started as Japanese carmakers wrectle with the rationalisetions forced by increased overseas production, a domestic

market that is reaching saturation point, and the need to get costs down and to develop new technologies for the fight for a higger share of an increasingly mature market at home and

Toyota has taken a 15.1 per cent stake in Daihatsu, which makes the small cars Japan's leading carmaker does not. Nissan has a 6 per cent stake in Fuji Heavy. Fuji's Subaru has a 51:49 per cent American joint venture with Isuzu, the lorrymaker that has a small cross-shareholding with Suzuki, another maker of mini-

With the industry's profitability under severe pressure ever since the yen started to soar in 1985, the small companies now take less convincing of the need for hig partners than they did 15-20 years ago. The awkward question is where to draw the line between what counts as a big company and as a small one. Toyota Nissan, Honda and Mitsubish Motors clearly fall into the big company category, though in the minds of several MITI men, three is one too many survi-

vors. Honda, which has not domestic links yet, may solve the problem for them by ending up essentially as an American company with some offshore production in Japan. The specialists such as the minicar makers Daihatsu and Suzuki, and Hino, the lorry-

maker in the Toyota camp, fall into the small one. But what about Mazda, the fifth ranking vehicle maker? With only about 5 per cent of the domes tic car market Mazda trails by a long way the joint No 3, Honda and Mitsubishi Motors. They both have about a 15 per cent market share.

Mazda's position is made fore complicated because it is the most advanced among the Japanese carmakers in the the parallel trend of tie-ups across international frontiers. America's Ford owns 24 per cent of Marda. The two companies have a number of collaborative ventures. In Mexico and South Koren they are building Maz-da designed cars carrying Ford dies to be sold in the American market. Both Ford and all but perhaps the very top man-against at Mazda see Mazda becoming, for the Ford group around the Pacific Rim, the

Europe is in Europe. It would be a semi-autonomous part of the Ford empire, designing, building and marketing its cars

locally with only the broadest direction from Dearboan. In March, Mazda took over Ford's Japanese dealerships. If Mazda was to become Ford of Asia, Ford would want to raise Ass. Forth would want to raise its equity stake from M per cent so that it could increase the number of senior directors it could place in the company to ensure policy control. Ford now provides one managing

director.

Though Mazda says there is no imminent prospect of this, it is widely believed in the Japanese car industry that MITI wants Mazda to be taken under Nissan's wings instead. Sumitomo Bank is also keen on the idea as that would give it a

way into Nissan. MITT officials and Sumitomo bankers dismiss the notion as fanciful, but the story refuses to die. Conspiracy theorists point to the appointment of Mr Norimasa Furuta, a former MITI official, as president of Mazda in place of Mr Kenichi Yamamoto, who was unexpectyamamoin, who was the speci-edly kicked upstairs last December at the instigation, they believe of the bank. That leaves the top three exacutive positions at Mazzla in

the hands of two former MITI officials and a secondee from Sumitomo Bank.

Even bigger conspiracy theorists can see the hazy outline of another plot. They look at Ford's recent decision to co-op-erate with Nissan in developing a light van in the US (a deal brokered by Sumitomo Bank), and Marda's tie up with Suzuki to co-operate in building supercompact cars for the Japanese market, and wonder if someone in the depths of MITI or Sumitomo someone is not dreaming of a Nissan-Ford merger one day.

The notion is not so farfetched. Analysts are now starting to suggest that the concentration of the Japanese car industry will just one step along the road to the same thing happening workwide as the webs of domestic and international alliances being spun by Japanese carmakers become evermore intertangled.

James Andrews

SOUTH KOREA

Reacting to trends at home and abroad

WHEN HYUNDAI Motor made the decision to set up a mana-facturing plant in Canada three years ago, it can hardly have imagined that a few years later it might be exporting its Canadian-made cars back home. Such has been the change in trade patterns, mar-keting and world demand, not to mention in South Korea itself, that the country's leading car-maker may find itself following in the footsteps of Honda of Japan much sooner

than it expected. Hyundai's \$270m Canadian plant, the first to be set up abroad by a South Korean motor company, will start producing the mid-sized Sonata car in January with an initial capacity of 30,000 units rising eventually to 100,000. The launch of the Sonata marks an attempt by the company to move up from the sub compact market by where it has scored notable success with exports of 263,000 cars last year to the US, a rise of 56 per cent over 1966. This year's target is 300,000 units, a little over 60 per cent of exports.

But the company's studegy along with that of the two other leading South Korsa manufacturers, Kia Motor and Daewoo Motor is at present affected by a number of uncertainties. They include:

The future of labour rela-

tions, Possible over capacity in the North American market in the early 1990s.

Problems of protectionism combined with the desire 10 diversity exports.

• Continuing presents of this appreciation of this one cur-

rency. The likely development of the domestic market along with government injustives to reduce trains and encourage competition from imports.

Perhaps the most urgent problem is the need to establish better labour relations. Both Hyundai and Daewoo experienced severe strikes earlier this year, causing a 15 per cent drop in exports from Hyundai and a 1.5 per cent fall in Daewoo during the first six months. Kyia, which has had no strikes has now slipped into second position after Hyundai, doubling its exports to 39,000 vehicles. All times companies

hard-lined company chiefs are hoping that the Government will strengthen its policies against strikes, President Roh Tae Woo said in a speech last week that management and labour were in the same bost. They should work out their differences peacefully in negotia-

The companies have been shocked by the workers negotiating skills supported by finan-cial arguments based on bal-ance sheets. But along with some top managers frustration at their inability to use the heavy-handed tactics of the past, divisions within groups of workers have also contributed to difficulties in the bargaining The next few months are

likely to produce a clearer pic-ture of the way forward for labour relations based on the success or failure of moves towards democracy in the country. Although wage rises in the past 18 months have been in double figures, compa-nies are less concerned about absorbing these costs than in guaranteeing continuity of pro-duction, at their own factories and at suppliers. and at suppliers.

Judgments on both the world market and domestic

demand are proving difficult at present for all the companies. particularly when they try to finalise plans for expansion As well as the new Canadian plant, Hyundai now has capac-ity for 700,000 cars in South Korea, of which up to 450,000 are exported. Daewoo's capacity is 170,000 and Kia's 300,000. Hyundai has diversified exports, to officer markets maining Europe, the Middle East and other Asian countries so as to avoid over-dependence on an increasingly protection-ist US market. The appreciation of the Won currency has not been as strong against European currencies as against the dollar, benefitting this

effort over the past year.

Daewoo has experienced less success in the US, partly because it has priced its Lengus sub-compact at a higher level than the Hyundai Excel Daswoo Motor, a 50-50 joint venture with General

pages at suppliers and Dae- Motors, has used the GM woo's profitability is thought, dealer network to market to have been seriously under Lemans, which appears to have Lemans, which appears to have been less successful than While some of the more Hyundai's independent net-

> Daewoo's exports, which mainly go to the US dropped to 46,000 cars in the first eight months of this year. In third place behind Kia with 48,000 and Hyundai with 255,000. In the domestic market Daewoo again took third place with 18 per cent of sales after the fast-rising Kia (36%) and Hyundai 45 per cent. The company would not comment on its future strategy or relations with its US partner. Daewoo has announced how-

> ever that it will set up a part-nership with Suzuki the Japanese company to produce a small 800cc "people'e car", part of a government scheme to pro-vide cars for all Koreans. All three companies are planning expansion to produce new small cars and to widen the range of bigger cars to compete with foreign imports and sup-

ply an expanded market.
Restrictions on foreign imports to the domestic market, which is increasing at the rate of 400 cars a day, a 50 per cent rise over the past year are slowly being lifted, and tariffs are falling from very high lev-South Korean manufacturers

remain isolated however from Japanese imports. They are banned though the Government has not yet made it clear whether or not US-made Japanese cars will be allowed in. That decision may be affected by the South Korean manufacturers forecast of how they might manage if they try to export cars to Japan. A special Olympic shipment of 150 Excels, the first ever sold in Japan was snapped up very quickly, Hyundai says, but the company believes it may still be too early to lift the ban com-

Part of South Korean companies success in foreign markets has been their ability to react quickly to trends abroad and political realities at home, while being flexible on models, pricing and new markets. That ability is likely to be put even ability is likely to be put even more strongly to the test in the next year.

IUes

TOYOTA WOULD LIKE TO CLEAR THE AIR ONCE AND FOR ALL.



THE LOWEST LEVELS OF ATMOSPHERIC LEAD CAN PRODUCE HARMFUL EFFECTS ON THE ENVIRONMENT AND IN HUMANS.

THESE EFFECTS ARE MOST OBVIOUS IN CHILDREN.

(THE YOUNGER THE CHILD, THE GREATER THE DAMAGE).

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WITH, WHAT IS MORE, NO EXTRA COST OR CONVERSION. (A RESULT OF OUR DEVOTION TO MULTI-VALVE TECHNOLOGY).

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YOU MIGHT NOT ALWAYS FIND IT CONVENIENT TO FILL UP WITH UNLEADED.

BUT AREN'T OUR CHILDREN WORTH
GOING OUT OF THE WAY FOR?







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The US: despite much good news, says Anatole Kaletsky, Wall Street still rates car makers' shares as if a slump were imminent

Anxious eyes on the economy and the Japanese

motor industry analysts on Wall Street are warning for the third year running that US car sales in the future may not match up to the past year's unexpectedly strong perfor-

Will 1989 be the year, they ask, when blood begins to flow in the long dreaded battle for market share among the big three US manufacturers and, even mors dangerously, between American carmakers and their Japanese rivals?

Investors on Wall Street, as well as sceptical economists outside the motor industry, have been asking this question since the 1985 model year, when a 10 per cent surge in automotive demand took the total number of cars and trucks sold in the US market above 15m for the first time in

Each year, the industry's executives have reassured the donbters that American con-sumers would buy np all the cars Detroit planned to supply. And every time they have be right, at least so far. It may have taken some unplanned rebates here and a few price cuts there, but Detroit has consistently confounded the scep-

The 1988 model year, which ended in September, has followed the same pattern. Most experts at this time last year were forecasting combined car and truck sales of 14.5m to 15m units, some 5 to 10 per cent down on the year before. In the event. American consumers snapped up 15.61m cars and trucks, about one per cent more than their 15.49m pur-chases of 1987 models. Therefore the 1988 model year, despite the brief slump in sales immediately after Black Monday, turned out to be the third best year in the industry's history, beaten only by 1986, when 16.12m cars and trucks were sold and 1985, when total sales came to 15.72m units.

Even more heartening than the crude salee figures were the terms on which the dealers pushed the cars through their howrooms. Gone for the latter part of the year were the indiscriminate and costly financing incentives and rebates that had been used to move unwanted stocks in 1986 and 1987.

aged to stick to the price increases it announced a year ago at the tima of the 1988 modele' introduction. As a result, the big three carmakers' combined profits this year are US car production & market share number of units (market share) Total 6,372,304 (100.0) Chrysler 638,974 (10.02) 164,728 (2.59) 4,064,546 (63,79) 1,206,950 (20,51) 6,251,003 (100.0) 5,073,214 (100.0) 3,904,083 (62.46) 3,173,145 (62.56) 1,320,198 (21.12) 1,104,075 (21.76) 748,648 (11.99) 600,502 (11.84) 903,553 (13.33) 109,318 (1.75) 167,755 (2.68) 1.500 (0.03) 6,782,061 (100.0) 7,773,342 (100.0) 8,186,034 (100.0) 55,337 (0.82) 138,572 (1.78) 98,207 (1.45) 3,975,291 (58.64) 4,344,727 (55.89) 4,887,079 (59.70) .547.680 (22.78) 201,993 (2.98) 1,247,826 (16.06) 1,268,067 (15.48) 1,297,661 (16.58) 1,109,411 (15.8) 192,196 (2.47) 111,138 (1.36) 49,435 (0.63) 74,785 (0.96) 96,459 (1.16) 84,397 (1.06) 1,775,236 (22.84) 145,337 (1.78) 238,159 (3.04) 43.810(0.58) 1,638,144 (19.99) 14,246 (0.18) 7,829,249 (100.0) 43,726 (0.6) 7,099,829 (100.0) 65,147 (0.83) 117,334 (1.85) 1,763,993 (22.53) 1,830,446 (25.8) 324,064 (4.6) 246,220 (5.34) 43,728 (0.5) 40,039 (0.5) 3,603,952 (50.8) 2,235,037 (48.4) 1,216,594 (26.4)

likely to reach \$10.5bn, 11 per cent higher than 1987 earnings, and easily the highest figure on record, according to Mr Ronald Glantz of Montgomery Securities in San Francisco.

There has been more good news for the industry in the types of products US consum-ers now demand. The trend in favour of light trucks, rather than passenger cars, has con-tinned unabated. Car sales wera actually marginally down, from 10.53m to 10.46m in the year to September; but trucks and vans, including the small passenger vans and sports utility vehicles that are becoming nbiquitous on US highways, rose four per cent to 5.15m, easily hitting a new

record for the sixth year runleaving technical leadership to

ning.
This shift in the structure of US automotive demand has given American manufacturers a huge competitive advantage. Imports of trucks into the US have to surmount a 25 per cent tariff barrier, while car imports have been restrained only by numerical quotas, which have actually tended to boost the importers' profit margins on US sales. Not only has this tariff protection forced Japanese manufacturers to pass on the costs of currency appreciation much more directly into truck than car prices. The foreigners' in-built disadvantage in this segment of the market has dis-

couraged product development,

the American marques. Thus, while Detroit is all too often seen as following, rather than leading Japan and Europe in car design, technology and styling, indigenous manufac-

turers possess the most successful and popular products in each of the main light truck categories - the Chrysler-Dodge Voyager vans, the Jeep Cherokee sports utilities, and the Ford range of pickup trucks, which happen to be the biggest single model line in either the car or truck market.

Why then, with all these factors working in Detroit's favour, are the car manufacturers shares still rated by Wall Street as if a slump were just

around the corner? Why do the analysts continue to fret about next year's profits, which Mr Glantz of Montgomery sug-gests could be down as much as 21 per cent? And why are US try executives themselves anxiously seeking out sourcing agreements and joint ventures with Japanese rivals, such as the recent Ford-Nissan deal to design a new front wheel drive

There are at least three rea-sons for the disquiet. Most obviously, there is the danger that total demand for vehicles will finally begin to fall after the last four years of exceptionally strong performance. sus forecasts, according to the monthly surveys con-

senger van?

Indicators, call for 10.1m cars sales in calendar 1989, 5 per cent down on the 10.8m pre-dicted for calendar 1988. A small truck sales decline is also predicted for the first time

A marginal cut in demand of this nature would not on its own be a serious problem for the US carmakers. But in addition to the possibility that the economy could slow much more abruptly than the experts are predicting, there are two further factors muddying the aters for Detroit. Within Detroit itself, there is

the ever-present danger of an internecine price war if General Motors, the limping behe-moth of the industry, decides to regain the market share it had lost in the past five years. GM's share of the car market continued to fall in the 1988 model year to 36 per cent from 37 per cent in 1987. At some point GM is going to dig its neels in against any further decline - and, in the absence of some unexpected coup in product design, this will mean tougher price competition

greatest threats to Detroit, however, are still from outside America. Despite the drastic fall in the dollar and all try'e competitive revival, car imports fell by only 1.9 per cent in the 1988 model year, to 3.13m. The bulk of this 60,000 car decline could be attributed to European manufacturers, which have met serious DOCS resistance in passing on the costs of the depreciating dollar. Isuzu and Subaru have also done poorly, but the big three Japanese carmakers have actually increased their market share, despite the years rise

Honda and Toyota in particular appear to have adjusted fully to a yen-dollar exchange rate of 120 or less. They are set to make further inroads on the US market, both through increasingly upmarket imports and "transplanted" Americanmbled output. So far only about 800,000 Japanese designed "transplant" cars are being produced in the US each year. That number will rise by 300,000 in 1989 and will then grow even faster, to reach over 2m by the early 1990s.

With demand likely to remain flat at best throughout this period, something will have to give. And despite this year's vintage performance, that something is all too likely to be Detroit's market share

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PROFILE: FORD

Stunning recovery from near ruin

Company'e smashing success: its chairman, Mr Donald Petersen, has appeared on the covers of more than a dozen major US trade and news journals in the past two years.

The question in the minds of many observers today, however, is how permanent is Ford's stunning recovery from near ruin in the early 1980s Company officials maintain

the scars are deep and the lessons even more deeply embedded from that three year period when it lost more than \$3bn and, like Chrysler Corporation. flirted with bankruptcy. Since then, overhead has been slashed by \$5bn a year, and similar cuts are envisaged by the early 1990s. The salaried workforce in North America has been trimmed more than 25 per cent, and break-even reduced more than 30 per cent. to a point where most analysts figure Ford could easily withstand the next recessionary trough and even post a modest

Where CM has spent billions on new plants and equipment, Ford's capital expenditures have been more modest as company executives elected to refurbish and extend existing facilities rather than erect expensive "green-field" sites such as GM's sprawling \$750m Detroit/Hamtramck assembly plant. Even though Ford has added 500,000 units a year to its North American production capacity, its plants in the US and Europe are bulging at the seams, building at or near capacity for the past 4 years while GM continues to idle or

Ford's productivity gains have been impressive too. Not only does it take Ford significantly fewer man hours to assemble a vehicle, its variable profit margin is substantially greater than GM's - an estimated \$500-\$1000 per vehicle. The results have been

shutter its older factories.

clearly evident in the bottom line: record profits of \$3.3bm in 1986 and \$4.6bn in 1987 - the latter mark greater than the combined earnings of the entire Japanese and European auto industries.

This year, Wall Street predicts Ford will shatter its own record once again, earning an estimated \$5.5bn - the largest profit ever recorded in the Ford ended the second quar-

ter with more than \$100m in cash reserves, fuelling specula-tion about potential acquisi-tions outside its core automotive business. In fact, Ford has spent more than \$1bn in recent years to acquire several companies in the finance and electronics sectors, but, as Mr Petersen told shareholders earlier this year, "our primary goal is that Ford remains strong in the automobile busi-

With a healthy cash cushion, Ford plans to increase its capital spending, from an average annual outlay of \$3bn in recent years to \$4bn in 1988 and 1989. and its spending over the next five years on new products. plants and equipment is likely

to be the highest in company

Among its major projects is a new family of modular foursix- and eight-cylinder engine that can be produced on the same line in a variety of configurations. Ford has earmarked \$1bn to develop and produce the modular engines at a former tractor plant north

of Detroit Nor will Ford take all the financial risks on itself for future product development. It now buys a sporty front wheel drive compact called Probe from Japanese affiliate Mazda, which assembles the vehicle alongside its own MX6 at a new plant in Flat Rock, downriver from Detroit.

And Ford will spend another \$1bn to jointly develop and produce a small luxury van with Nissan near Cleveland in 1991. The joint ventures, and its willingness to rely on outside pariners, are part of the company's new "centres of excel-

leuce" strategy, where a

vehicle or component is

assigned to the group best capable of handling development, no matter where its loca-

Mazda, in which Ford holds a 25 per cent stake, has been a principal subscriber to the strategy, supplying Ford with the basic designs for a number of Us vehicles, including the Festiva, Tracer and Probe, and it will help engineer the next generation US Escort in 1991. Dearborn has turned to its

European : subsidiary develop a replacement for the Tempe Topaz compacts which. will share a platform in 1993 with the next generation Slerra from Ford of Europe, while the successor to the European Scorpio will be engineered in the US and share besic compo-nents with the Taurus/Sable eplacements in 1995. •

Mr Petersen observes. This trategy will reduce costs by climinating duplication, improve our responsiveness to the shifting demands and desires of our customers, and shorten the time it takes to

bring new products to market."

Ford already has the pulse of the market, pioneering the highly regarded "aero look" in Europe and America with such derigns as the Characteristics. designs as the Sierra, Scorpio, Taurus, Continental and Thun-

The gamble on a more contemporary corporate design theme, spearheaded (with Petersen's blessing) by Design vice president Mr Jack Telnack, has paid off handsomely in increased sales and market share, particularly in the US.

Ford's share of home market car sales jumped two points in 1987, to 20.2 per cent from 18.2 per cent in 1986, and its share Its penetration in the hotly contested light truck market also has inched ahead, although GM has pulled away this year.

· While Petersen is profiled in national business publications as one of the top CEOs in American industry, Telnack's superb design work is being acknowledged in more subtle ways: the made-in-America Taurus is now being sold in Europe and Japan, and the Probe will soon follow.

Paul Lieneri

The writer is Detroit Editor of the US mogazine, Automobile.

PROFILE: GENERAL MOTORS

Long-term prognosis still guarded

year since 1984, with a full year profit of nearly \$4bn, up about 12 per cent from \$3.55bn in 1987. Earnings, however, are expected to fall by 18 per cent next year, to around \$2.25bn. Much of the profit has come

Donald Petersen: "must remain strong in the auto businesss"

HAVING weathered a

sweeping corporate reorganisation, a massive investment programme and political ekirmishes within its executive

ranks in the past year, General Motore Corporation seems finally to have halted a devas-tating skid in its fortunes.

However, the prognosis for the

giant car maker's long-term health remains guarded.

Under Roger Smith, chair-man, and Robert Stempel, pres-

ident, GM has made progress

on several fronts, notably in

reducing overheads and

improving profitability. These

efforts may not be enough, say

critics, to counter what has

been a losing battle to regain

market share and restore its

now tarnished image as the

world's pre-eminent car maker.

Tha Ford Motor Company

has earned more than GM for

the last two years, and most

industry analysts predict the pattern will continue for the

AMERICANS' seemingly insatiable appetite for sophisticated, technically-advanced

West European cars allowed their makers to cream fat prof-

its from the US market for much of the 1980s. The situa-tion has now turned sour for

the Europeans, and looks like becoming sourer yet.
Up until two years ago, the

dollar was strong, allowing a large profit on every, by-defini-

tion expensive, unit sold. Competition in this, by far

the world'e largest market for luxury and sports cars, was

mainly among the Europeans themselves. Domestic US man-

ufacturers appeared stuck in a

time-warp with luxury car

products which lacked the technicalsophistication and cachet of their European rivals. Cadillacs might still

appeal to the well-beeled Mid-

West conservative; but they

were of very restricted interest

to the burgeoning ranks of middle-class sophisticates of

The long march up-market of

Japanese car makers had

reached the lower slopes of

executive and sports car land,

but had yet to challenge the

heights occupied by Mercedes,

started to slide, such was the apparent devotion of North

American buyers to European

cars that their manufacturers.

led by the West Germans,

And even when the dollar

Jaguar, BMW and their ilk.

the East and West coasts.

from non-antomotive operations, such as its financing (GMAC), computer services (EDS) and defence/aerospace (Hughes) subsidiaries, which accounted for 12 per cent of GM's turnover in 1987, but two thirds of its earnings. Also, while overseas operations, particularly those in Europe, have been providing a hint of return, the financial perfor-mance of GM's North American operations has been mar-

On a positive note, though, For many years the company GM's turnover and profits were commanded nearly half of all US car sales, but its share of the home market fell dramaticboth up in the first half of this year, and Wall Street expects this will be the company's best ally in the 1980s.

was nearly 46 per cent in 1980 but it had fallen to 41 per cent by 1986, it then shrank another five points to 36 per cent in

In spite of the introduction, in the past year, of six new models, at a cost of more than \$50n, GM's market share continues to hover at just more than 36 per cent, and it has lost ground to Ford in the lucrative intermediate and luxury sec-

Analysts say that such new GM cars as the Chevrolet Corsica and Beretta and Pontiac Grand Prix appear to have taken sales from elsewhere in the company, rather than from rivals, whereas newer Ford models, such as the Taurus and Lincoln Continental, have provided additional conquest

GM hopes to strengthen its

hand with the launch about nowof two restyled luxury cars, the Cadillac de Ville and Buick Riviera, and next spring's debut of the mid-size Chevrolet Lumina, a potential competitor to Ford's big-selling

One bright spot for GM has been standard pick-up trucks, a mainstay of the new vehicle markat in the US, now accounting for a third of the industry's total sales. GM spent hundreds of millions of dollars last year to overhaul completely its full-size Chevro-let and GMC pick-ups, while Ford opted for a more modest and less expensive facelift of its popular F-series truck, which remains the industry's

At the end of 1987, GM maintained a narrow lead over Ford in share of total truck sales, 31.5 per cent to 29.6 per cent,

but has widened the margin by several points this year, thanks to the strength of its vans, compact pick-ups and sport-utility vehicles.

GM'e new cars and trucks are the result of a heavy model investment programme that has seen GM spend upwards of \$50bn since 1980. But major spending on new plants and according to GM executives, who note that capital spending, which peaked at \$11.6bn in 1986 will fall to \$7bn this year and \$6bn in 1990.

GM also has pruned costs considerably under a four-year corporate "action plan" which is expected to reduce overheads by up to \$13km by 1990.

GM slashed \$3.7km in costs in
1987 alone, and expects a further reduction of \$4km this

year.
As part of this shrinkage, it

has cut 36,000 jobs from its payroll, with another 4,000 to go by the year end. In spite of these cuts, and other productivity gains, GM remains the industry'e high-

cost producer; Ford is the low-

Another positive sign is management's new spirit of co-operation with the UAW (United Auto Workers), which is working closely with GM to trim costs and improve productivity, particularly at the car maker's component divisions, to make them more competi-tive with offshore parts produc-

These and other efforts must pay off and soon if GM is to deliver on chairman Smith's promise that a new era of teamwork and technology has started in Detroit.



man, GM has made progress on several fronts

US car imports

Appetite for European luxury turns sour

	1968	1967	•	1986	1965	1964
Total US Market	6.4m	6.03m	10.23m	11.46m	11.04m	10.39m
Acure	84,815	70,155	109,470	52,869		
Audi	16,601	32,143	41.322	59,797	74.061	71,237
BMW	47,262	58,915	87.839	99,314	87.832	70.897
jaguer	13,061	14,148	22,919	24,464	20,528	18,044
Mercedes	57,745	60,003	89,918	89,314	89,098	79,222
Porsche	11,390	17,013	23,632	30,471	25,306	20,024
Seab	26,876	31,498	45,105	48,181	39.068	33,631
Valvo	68,015	80,951	106,539	113,267	104,267	99,541

seemed able simply to keep on raising prices to compensate with little sign of a consumer rebellion.

Last year, however, consum-ers at last started digging in their heels. The response to a 25 per cent price increase by Porsche last year, for example – following hefty rises during 1986 - was a plunge in sales from 30,471 to 23,632, and an even sharper fall so far this

year (see chart). All the European producers have exparianced falls, although their precise extent

In these circumstances, and

in the wake of the collapse on Wall Street and in other stock markets last October, it has been all too easy for Europeans to get the impression that it is the US luxury car market itself that has collapsed.

This is simply not true. It is down slightly, but is still sround the 1m units mark and both Ford and General Motors have been enjoying a sales resurgence with some of the new models under their respective Lincoln and Cadillac marque names.

The explanation is not too difficult to find. Several years ago, a typical US-produced lux-

ury car cost \$26,000 and its closest Jaguar or BMW equivalent \$30,000 or slightly more. Today, the US-built car still costs only around \$27,000, whereas the cheapest Jaguar is costing about \$43,500 and a 7-series BMW \$50,000. "It's the opening up of this price gap which is probably the biggest single factor behind the European manufacturers' problems", one Jaguar executive

Jaguar's US sales for the first nine months of this year are down 9 per cent, to 14,918 from 16,340. A few weeks ago, chairman Sir John Egan was

pe-tax profits which had more than halved to £22.5m. He blamed the weakness of the US dollar almost entirely - "every 10 cents off the dollar is cost-ing us £35m at the bottom

Mercedes has fared somewhat better, but at the expense of overt sales incentivas schemes recognised as potentially prejudicial to its presti-gious image. Other problems than the dol-

lar, however, have been help-ing further to tarnish the Euro-

peans' image.

Jaguar, for example, saw its rating in the closely studied JD Power Consumer Satisfaction Index of car models slump from equal eighth place with Nissan last year to 18th. And Audi, whose sales so far this year are half those of the

1967 period, is still involved in court buttles over allegations that automatic versions of some of its cars could accelerate unexpectedly. Irrespective of the merits of the arguments, it has offered rebates to some 345,000 Audi owners.

What, for the Europeans, is the most dismaying evidence



Sir John Egen of Jaguer: "every 10 cents off the dollar is seen as no less threatening to costing us £35m on the bottom line smaller, cheaper Mercedes,

that the sales problem is theirs Acura sales, including the alone is provided by sales of the Legend luxury car sold by Honda in the US under the sharply (see chart). Not only is the Legend Acura name. Legend sales were up by nearly 50 per cent in the first eight months of this priced at US luxury car levels, it is only the forerunner of a year, compared with a year ago, to 45,059 from 32.877. Total for the US market.

Toyota and Nissan are well

For the larger having car sector, the latter is squarely in the middle of what might be termed the "resentment gap" which has opened up between US and European inxury car

prices. Given the Japanese vehicle industry's long record of creating markets first and worrying about profits afterwards, this is seen by some observers as no accident observers as no accident. The \$20,000 V6 strategy is

advanced with setting up dealer networks throughout the US for the launch of their

respective Lexus and Infiniti luxury car ranges next autumn Each range includes

large, luxurious models with V6 and V8 engines to tackle BMW 's 7 Series, for example,

and their other European

equivalents.

Disconcertingly, the Japanese manufacturers have let their broad pricing intentions

be known far in advance of the haunch of the cars. Each says its V6 models will sell at around \$20,000 and its V8 mod

ëls at \$30,000-\$35,000.

BMW and Swedish models, Indeed, according to Pennsylsmaller Integra, were also up vania-based analysts Integrated Auto Resources, was expect the Japanese manufac-turers to take BMW substantially out of the \$25,000 to range of inxury cars planned \$30,000 bracket".

John Griffiths

SPURRED BY growing in Shanghai being operated in China: Lyn adopted an ambitious strategy to expand demantically its domestic automobile infinity, and become a major experter to the world market.

SPURRED BY growing in Shanghai being operated in China: Lyn partnership with Volkswagen. By the year 2000, these factories between them about to produce the strategy of the strategy of

total motor vehicle output will rise from this year's 5 per cent to 40 per cent by the end of this century," said Chen Zutao, chairman of the China National Automotive Corpora-tion (CNAC), talking recently to the official Vinture Nation to the official Xinhua News

CNAC is the industry's planning agency. Annual car pro-duction nationwide is expected to reach 33,000 cars this year, Mr Chen told Xinhua

But to satisfy current emand, several hundred thousand new cars need to be pro-duced annually, a goal the country's motor industry will have acrious problems in ach-ieving, foreign analysis say.

A central element in Peking's attempt to expand production is encouraging par-ticipation by foreign manufac-turers in licensing and joint ventures at key industrial cen-

tres throughout China.
In an effort to curb imports of foreign cars and to consolidate investment and technology, the State Council, the country's top decision-making body, last year targetted three factories as automobile production centres: the No 1 Antono-bile Works at Changchun in Jilin province, the No 2 Works at Shiyan in Hubei province, and the joint venture factory

ARGENTINA'S domestic oriented vehicle manufacturing industry is experiencing a Sales slumps and lay-offs are the most immediate manifestations of its difficulties but there are few signs of an

upturn in the near future. The industry'e stagnation reflects, and is part of, an over-all gloomy picture for Argen-tine industry at the moment, and compares very unfavourably with the situation in the country's large neighbour, Bra-

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The Argentine industry has insignificant exports. In the first 7 months of this year, only 444 vehicles were exported, or less than 1 per cent of total volume. Imports are an equally tiny proportion, due to prohibitive duties.

Yet in world terms, Argentina is a relatively developed automobile using nation with, in 1986, 5.7 people for every car. on the road, which puts the country 17th in the international league table.

But the industry — as the

All three plants are intended to have joint ventures with for-sign partners, with the aim of

eventually become major inter-national car manufacturers. "Only by joining up with outside technology are the Chinese able to pull off launched and the development of new products," said one industry.

The main foreign players, involved in the fledgling personger car market are Audi, Volkswagen, Chrysler, Pengeot, Daimler-Benz, and Ballaton

The No I autoworks in The No I autoworks in Changchum, most famous for its production of Red Flag inscribing, which transports officials behind drawn curtains, signed a technology liceasing agreement in August with Andi of west Germany to make 30,000 Andi cars with Chrysler

engines by 1922.

The first cars, which are already allocated, will be ready for distribution at the end of October. The factory's eventual target is to produce 150,000 cars a year by 1995. The No 2 Autoworks in Hubel is still reportedly negotiating with General Motors and Citroen on a joint venture agreement. Known largely for its large scale truck production, the Chinese plant is said to want a feasibility study completed by either one or both of the comChina: Lynne Curry on a sector spurred by buoyant demand

Courting foreign investors



Septems production line at the Shanghel VW joint venture plant

was also one of the final bid-ders at Shiyan, is reportedly no longer in the running. Accord-ing to one source Fuji could not guarantee the factory would be able to export most of

its output. The Shanghai Volkswagen automotive company, a joint venture established in 1985, has already begun turning out

panies, with a view to signing the Santana VW, producing a contract in the first half of about 10,400 last year with 1889.

Full Heavy Industries, which and 150,000 cars a year by the

In addition, Paugeot of France and Chrysler from the US are involved in joint venture products. But observers say they are unlikely to receive large amounts of state funding. The Beiling Autemobile Works is urging Chrysler Corporation to expand its invest-ment in its joint venture, the

recently sent a delegation, accompanied by other government officials, to the US to discuss the issue.

Chrysler and the Chinese jointly produce about 4,500 Cherokee jeeps and approximately 26,000 more conventional jeeps each year. The factory hopes to step up its production to about 100,000 vehicles a year by the mid-

The Peugeot factory near the southern coastal city of Guang-zhou (Canton) last year produced about 8,000 pickup trucks and station wagons and is understood to be planning to export about one-third of its eventual output of 30,000

Although Japanese cars. especially Toyotas, dominate the roads in China, a reported reluctance to part with sophis-ticated technology has discour-aged the Japanese from investing in the Chinese passenger car industry. The only excep-tion is the Tianjin-based plant which jointly produces the Jap-anese Daihatsu van.

In addition, wholly Chine owned car makers are plan-ning toincrease output and modernize their vehicles. The Red Flag limonsine, which was not produced for several years

sold, and third to the Fiat Spa-

month. Some industrialists have predicted that between August and the end of 1988 production will be cut by 30 per cent. The main union in the industry, SMATA; has stated that it will-take industrial action to recover wages lost as a result of the lay-offs. But all the signs obvious casualty of a serious stagnation in the general

Gary Mead

ulations and acquire the neces-

sary components.
So difficult is it to find high quality Chinese parts that the People's Liberation Army reportedly sends its own team to inspect parts purchased for military vehicles.

Poor roads, insufficient gas stations, and shortages of raw-materials, especially steel, are further obstacles to expandingproduction.

and of which 1,500 have been made since 1958, is being

updated and its output expen-

ded - as is the old-fashioned. Shanghai sedan.

For most foreign car makers

in China, obtaining high qual-

ity locally-made components is

a critical stumbling block to expanding production. This problem is further exacerbated

by the requirement that joint ventures gradually increase

the amount of domestically

kee jeep parts, the company reportedly needed the interven-

tion of a vice premier to get around currency exchange reg-

Despite the difficulties, some smaller, more flexible marketoriented Chinese car manufacturers, inspired by South Kores, are actively exploring how to increase their capital, productivity, and export capability, analysts say. One light truck and sedan maker located made components each year.
The difficulties which can
result were underscored by a
well-known episode involving
the Paking Jeep Corporation.
Unable to convert its cash from
reminabl into foreign exchange
certificates to buy spare Cherokee leep parts, the company in north-eastern China, the Shenyang Gold Cup automobile works, has sold several hundred thousand shares denominated in renminbi and is said to be discussing how to float a \$4m share issue tar-

geted at foreigners. However, according to some industry sources, these smaller organizations lack the financ-ing, skilled manpower, and

consistent quality to expand internationally.

China's determination to build up its own industry is reflected in its protectionist import regulations. To encour-age the development of its domestic industry and prevent Chinese organizations from spending hard currency on for-eign cars - a practice that led to major scandals just three years ago - Peking has imposed stiff penalties on imported automobiles. Tariffs on all foreign cars are high, ranging tween 120 and 160 per cent of

the purchase price. Despite the high duties, demand continues to soer, pri-marily from Chinese companies, and cars — even domesti-cally manufactured — are far too expensive for most individ-uals. With a recent call by CNAC for even tighter import regulations, imports are likely to remain tightly controlled, but until local production reaches the government's ambitious long term target levels, demand for imported cars is unlikely to be staunched.

ARGENTINA

A stagnant sector

long way to go before it returns to the relatively rich days of the mid 1970s. Between 1969 and 1980 total annual 1969 and 1980 total annual sales were well over the 200,000 mark, aince 1980 that figure has dropped to an average 158,000. Since the 1970s production has dropped by 40 per cent. 1974 was the record year with 322,410 vehicles heaving the factory gates. Up to September 1988 sales had declined by 6.6 per cent in comparison. by 6.6 per cent in comparison with the same period for 1987.
Manufacturers had a total of 2,100 unsold vehicles in stock in August this year, with a market value of US\$18m.

The Argentine car manufacturer faces considerable odds on several fromts. A certise

on several fronts. A car is expensive relative to disposable income for the average

economy generally — has a Argentine, with the basic Ren-long way to go before it anit 12 model retailing at plants operate with equipment returns to the relatively rich around 25,000. For middle and far surpassed by international ault 12 model retailing at around 25,000. For middle and lower income groups, currently struggling to make ends meet, it is a luxury item. Fuel costs are now relatively high and take a greater alice out of the average domestic budget than in the US.

· In contrast, manufacturers have traditionally geared them-selves to serving a relatively affinent population, producing large gas-guzzlers without too much concern for national average purchasing power. Low sales volume, high raw material costs, high taxes, the high cost of capital and, above all, the shrinking purchasing power of consumers have all led to a slump in the market.

These factors have also disconnected major investment in

competitors.

Market share is roughly

divided three ways, between Renault, Autolatina and Sevel. Together, they dominate 95 per cent of sales, with smaller companies competing for the remaining 5 per cent. Autola-tina, a merger of Ford and Volkswagen, hopes to achieve increased sales to neighbour-ing Brazil by concentrating on production of upper-range models. Renault and Sevel (which makes Flats and Peu-geots under licence), are placing their hopes on building and seiling smaller and more economic cars than Autolatina.

led to a simm in the market.

These factors have also disby far the largest seller, with couraged major investment in more than 13,000 sold in the

first eight months of the year giving a 13 per cent share of the market. Second place goes to the Peugeot 504 with 10,000 zio, with 8,000 sales.

Drop in sales volume has meant several manufacturers laying off workers for weeks at a time. Autolatina suspended work for 5,000 employees, on full basic pay, for three weeks at the end of September. Mer-cedes-Benz announced a similar suspension for almost 2,000 workers during the same

are that the automobile sector is just the most immediately Argentine economy.

AAOL	ia car pro	duction	on tore	casts			
	Figu	res in '00	0s			•	
	1987†	1988‡	1909‡	1990‡	1991‡	1992‡	1993‡
WESTERN EUROPE							
West Germany	4,374	4,348	4,087	4,134	4,205	4,285	4,313
France	3,052	3,172	2.947	3,016	3,114	3,185	3,125
United Kingdom	1.143	1,194	1,202	1,265	1,336	1,354	1,363
Italy	1,713	1,858	1,804	1,815	1,810	1,786	1,810
Spain	1,403	1,464	1,370	1,379	1,482	1,413	1,450
Netherlands	125	127	133	137	142	146	143
Beigium	277	292	254	224	225	258	268
Sweden	432	404	409	423	438	448	461
TOTAL WESTERN EUROPE	12,518	12,858	12,205	12,393	12,752	12,676	12,932
% Change	5.9	27	-5.1	1.5	2.9	1.0	0.4
United States	7:146	6,750	6,522	6,623	. 6,769	7,011	7,470
Canada ·	811	760	- 770	. 889	902	920	958
TOTAL NORTH AMERICAN .	7,957	7.984	.7.571	7.859	8.016	8,017	8,170
% Change	-9.5	0.3	-5.2	3.8	2.0	0.0	1.9
Jepen	7,891	7.959	7.697	7.638	7673	7.816	7,842
% Change	1.0	0.9	-3.3	-0.8	0.5	1.9	. 0.3
	310	. 336	357	360	355	356	368
Australia .							
Thisesen	175	196	210	217	236	254	274
South Korea	790	912	1,142	1,275	1,423	1,539	1,655
Peninsular Malaysia	25	36	41	62	73	80	64
India	. 148	175	180	190	201	205	212
South Africa	190	220	222	228	228	234	240
Mexico	277	380	495	593	645	625	622
Brazil	. 683	759	831	819	923	943	970
Argentine	166	154	142	164	180	193	195
Feetern Bloc	2,495	2.534	2,605	2,663	2.745	2.829	2.883
% Change	4.3	1.6		22	3.1	3.1	1.9
WORLDTOTAL*	33,157	34,051	33,262	34,016	35.004	35,507	35,997
% Change	1.3	2.7	-23	2.3	2.9	14	1.4
_	33	2,	-23	صدع .	2.0		
"Excludes			. *	Ι.		. 1	
Double Counting	400		426	. 429	400	451	443
Within Europe	- 435	440-	- ,	-	436		
Europe/US	25	. 0	. 0	. 0	. 0	10	0 10
Europe/Canada	10	10	. 11	- 11	12	10	
† Actual		:					
‡ Forecast			٠.			-Bourde:	DRI Europe

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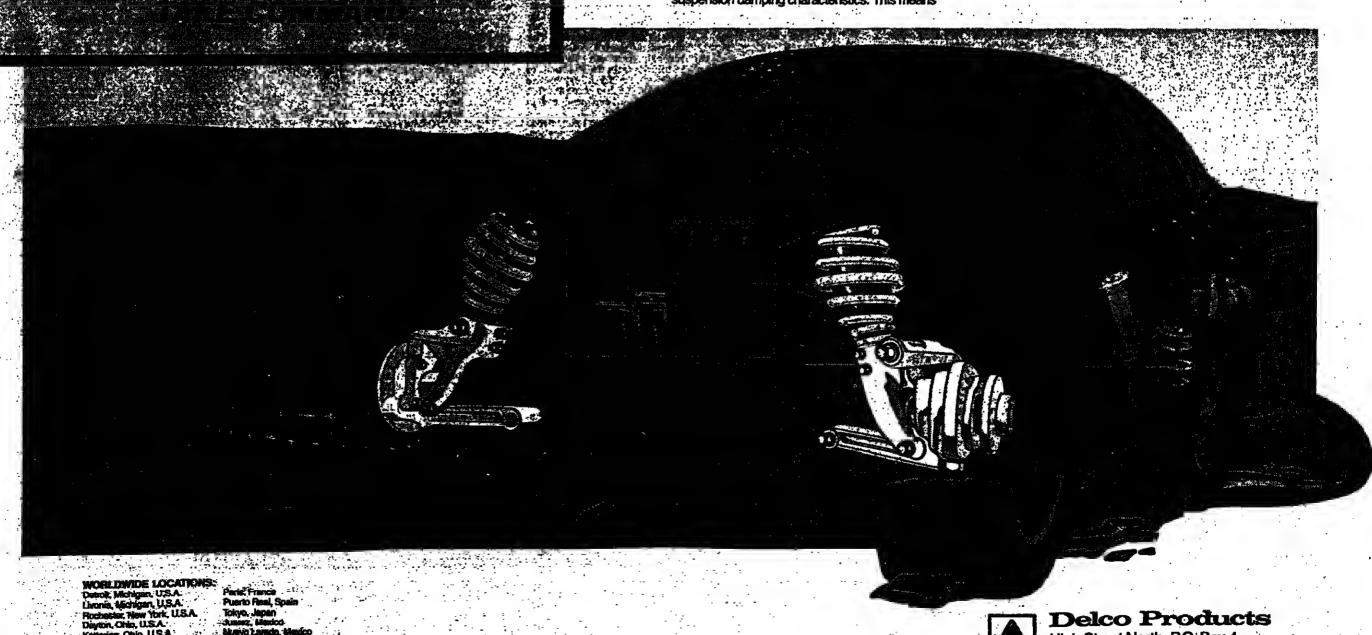
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High Street North, P.O. Box 4. Dunstable, Bedfordshire LU6 1BQ., England It is the month in which it was agreed, hack in 1985 and after months of ill-tempered tougher regime to reduce pollu-

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The transformation of the supervisor's role will be crucial to future productivity gains to ensure as much as possible is made of the more flexible working practices which are

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tions between workers. Third, there remain in most companies some major der cation lines which will have to be eroded if greater flexibility to be introduced in the future. Most companies have abolished the lines which used to separate electricians from mechanics, welders from fit-ters. But in most car plants there remain two great demarcation lines; between production workers and indirect, maintenance workers, and

culture of work and the rela-

It is hy no means certain that companies will want to move in this direction. Just as they need flexibility, so they need specialisation.
However, to achieve greater

between manual workers and

flexibility at their plants it is these demarcation lines which will have to be eroded. This will require the introduction of harmonised terms and condiworkers to ease their inter-changeability. Not only can harmonisation prove to be very expensive, it can also go hadly wrong. Talks at Austin Rover, for instance, which began two years ago, have failed to agree on a common pay structure for all workers. The manual unions are now so suspicious of the idea that they have dropped it from their claim. Talks at Ford over the intro duction of a common pay structure have got off to a shaky start, with blue and white-collar unions refusing to

regotiate jointly.

Finally, the development of new technology production processes and the importance of quality and product innovation will require changes in approaches to training. Car companies will remain strong customers for semi-skilled labour, but in future they are likely to require more skilled workers, more capable and willing to be retrained.

Charles Leadbeater

introduce their own fiscal

incentives to speed introduc

tion of the new standards would, he claimed, further dis-

tort the market and compro-

mise the single European mar-

ket concept.
At first, French state-owned

Renault indicated that it felt

the probable 5 per cent rise in prices to be expected from the

month the storm had broken

had in any case been only a minimum nine-out-of-twelve

Selected count

United States

United Kingdor

W.Germany

Space to drive:road availability, 1986

14.5

80

9.0

Total length of road (1000km) per perso (metres)

(1000km)

6,214

491

1,127

new standards was accepta

unresolved by the 1985 agree This provided for a mid-1987 review of the standards for under 1.4 litre cars with a view to making them tougher at a later stage if this appeared to

The review had the potential for serious confrontation if a much more restrictive "second ple reason that if It meant using full catalyst systems, costing £400 a unit or more, it would have a far more dramatic impact on the price of small, cheap cars than on larger cars.

Although the review was much delayed, EC Environment Ministers surprised even themselves by initially reaching a majority agreement in June this year on a second stage, to become effective for new models in 1992 and all production in 1993. Under this second stage, under-1.4 litre cars would have to emit no more than 8 grammes per test cycle of a combination of nitrogen oxides and hydrocarbons and 30 grammes per test of carbon monoxide.

That compared with the first stage limits of 15 grammes and a specific limit of 6 grammes per test for nitrogen oxides. The compromise, yet again, was a grudging one. Denmark, West Germany, the Nether-lands and Greece wanted stifmajority compromise, leaving the qualified majority agreement in tatters.

Over the coming months, Commissioners and other EC

officials will try and pick up the pieces. Even if they do patch together another comfer standards. France, the UK and Italy argued for a more promise on the standards themselves, there is yet another major hurdle still to be Ominously, the standards seemed likely to require signif-icant numbers of small cars to take the catalyst route.

For there has yet to be agreed a revised driving test cycle to which the standards By July, the latest compro-mise was coming under full-frontal attack from Mr Jacques Calvet, chairman of France's need to be applied.
The current test cycle bears Peugeot group. Conpling it with fierce criticism of Green httle relevance to modern-day driving conditions in Europe, political parties, he declared the compromise to be "the worst possible proposal that could be imagined. He was

to take account of motorway not against fighting pollution, "but 1 am against demagogy" driving conditions and thus incorporate a high-speed seg-ment, and it is at high speeds The new standards, he insisted, would only further thet emissions become i demoralise car engineers devel-oping new products. Moreover, ingly difficult to control without the use of a catalyst. Dutch and Danish plans t

for many engines to meet the standards without "cats".

But by the beginning of this France withdrew from what

81,678

6.265

8,350

4,280

having an average speed of 12 miles per hour and a maximum A revised cycle really needs

Chemicals group Johnson Matthey, one of the world's biggest catalytic converter producers and thus with a heavily vested interest in the issue, point it may well be impossible

The belief that this may prove the case seems to lie behind M Calvet's onthurst which may yet draw more support from other producers.

Peugeot is now an environmentalists' target, with the UK's Friends of the Earth movement calling for a boycott

of Peugeot's products and for a "day of action" on November in which 280 FoE groups will,

It is of some minor consolation that good progress is now being made to reduce at least

ona pollutant, lead itself, ghout Europe. Lead in the atmosphere is an undisputed retarder of children's mental development and a potential killer. Many thou-

sands of tonnes - 3,000 in the UK alone - are pumped out by car exhausts each year. Despite widespread misperceptions to the contrary, there is no link between lead and the other exhaust polintants, except for the fact that cala-

lyst-equipped cars need to use unleaded petrol. Traditionally lead has been ed to improve petrol combustion and prevent damaging engine "knock" by increasing the fuel's octane ratio. Modern refining methods mean that it is no longer necessary.

Most cars now to production are capable of running on either leaded or unleaded fuel, with or without minor modification. In the UK, about 70 per cent of all cars on the road fall into this category and the UK Petroleum Industry Association reckons that between them these motorists could save pounds £2m a week by using unleaded fuel, which is currently some 5p a gailon cheaper than leaded four-star. Some cars cannot be modified - some very high perfor-mance machines and older ones which would need valve seats and possibly other com-ponents hardened.

There is already 100 per cent availability of unleaded petrol in West Germany and even in hitherto laggard markets like the UK, 20,000 petrols stations are expected to be offering it for sale by the end of this year.

Source-Hill World Road Statistics, 1967

Length of paved roads per vehicle (metres)

		ayst	саго ш	ast be tal	i (resided	196 H
IN	IDU	STF	RIAL	REL	ATIC	ONS

Qualitative flexibility

QUESTIONS will dominate labour relations in the motor industry in the next

The first is how to maintain the momentum of recent years towards introducing more flexible working practices, remoulding the organisation of work around new technology, and meeting the demand for high quality and product differ. entiation.

The second is more difficult. After the productivity gains of the past few years, achieved through reductions in manpower and new working practices, where will the uext gen-

It is now clear where labour relations in most UK motor

manufacturers are heading. Shopfloor workers will be expected to become more flexible, both around their plants and between tasks, Production workers are increasingly being urged to take on wider responsibilities, beyond their immediate tasks. These include quality control, managing the flow of work to their work stations, and simple routine mainte-

But there there is still someway to go. Jaguar, the luxury car maker was recently hit by eration of productivity gains a strike over transferring

"We have seen 1992, and for

the motor industry it works."

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the specific challenges and opportunities that the post-1992 EC

offers world motor industry suppliers, manufacturers, distributors

impact on the EC motor industry of the planned post-1992 Single

European Market. Commissioned from Ludvigsen Associates by

the European Community, it forms part of the Cecchini Report on

that led the EC Commission to rely on Ludvigson Associates for this

work is available to others who wish to profit from Ludvigsen's

skills and insights in all aspects of vehicle design, technology, pro-

1992, titled "The European Challenge".

duction, marketing and distribution.

veet the 1992 BC market challenge.

Effects on expens to the Count.

and retailers, as follows:

workers around its plant. At Austin Rover, the company and the unions are about to renegotiate a quality bouns introduced two years ago which stressed the look of products at the expense of

their performance. Among skilled workers there will be further moves towards mnlti-skilling. Ford. for instance, has recently unified its separate apprentice training schemes into a single programme. The aim is to estabsh a single multi-skilled grade of skilled worker.

Workers will be increasingly asked to work in teams, within which they will be more interchangeable. These teams are likely to have some degree of Austin Rover, for instance, plans to extend its experiment

> which there may be some flexibility between skilled and Most companies are attempting to improve and extend the way they communicate with their workers and to introduce forms of employee involvement

in cell manufacturing. Ford is

introducing work teams in

to cover quality and production problems. However some big obstacles will have to be overcome if car companies are to fully realise the productivity gains of more flexible production and work

While in the early 1980s personnel managers' main task was to abolish outmoded narcation lines to raise productivity, the target in the next few years will be to intro-

duce more qualitative changes. The first main obstacle is the established role of the shopfloor supervisor or foreman. Traditionally the foreman nforced the rules which regulated the strictly demarcated division of labour on the production line. But with the shift to more flexible forms of working and team working, the foreman's role has to change

Tha old Ford motto that "workers want money and need discipline" no longer applies. The kind of high quality productivity that compa nies want from their workers requires supervisors to become

as of April 1988 45 grammes respectively, plus COMPONENT SUPPLIERS

Pressure to adapt grows

suppliers are among those most closely caught up in the strategic restructurings of the world's vehicle makers.

Whether component companies are headquartered in the pressures on them to adapt to change, increase their expertise, cut costs and invest more beavily are relentless and tak-

ing many forms. For example, with the high yen and Japanese vehicle makers shifting ever more production offshore, Japan's components sector has felt itself to have little choice but follow

Thus already there are dozens of Japanese-owned component makers ringing the Japa-nese "transplant" car and commercial vehicle production facilities of the US. The first tentative landing parties in Europe have also begun to dig in, catering initially for some of the needs of Nissan, both at its Sunderland cars plant in the UK and Nissan Motor Then ica, its majority-owned facility in Spain where light commer cial and four-wheel-drives are currently produced - as well as for the collaborative pro-jects of Honda and Rover.

With Suzuki and other Japanese vehicle makers now also seriously examining projects to start making cars within the single European market intended to exist post-1992, a much more extensive Japanese component industry presence
- as in the US - is also

clearly in prospect. Given undisputedly high Japanese productivity and quality standards, the threat to European component producers is an obvious one - as.

however, are the opportunities. For example, it remains far raging between France and the UK over French refusal to admit UK-assembled Nissan Bluehirds as "European" will resolve ltself.

Current EC rules define a roduct as "European" if the last substantial manufacturing process took place within the Community (even a mnchquoted 60 per cent "local" con-teot level for acceptability has no formal standing). But it is hy no means impos-sible that an 80 per cent EC

content requirement could be established as part of legislative framework for 1992. Experience to date with Nissan's LIK plant, to which sev-

companies are already suppli-ers, indicates that there should be plenty of opportunities for European component makers. In any case, change imposed

INEVITABLY, COMPONENT by the European vehicle mak-

ers themselves are already requiring suppliers to become much more competitive or, as has been happening, fall by the One major change is a makers to work much more

closely with the vehicle make from the vehicle's initial design stage. Increasingly, car makers are showing the supplier where components have to fit, what performance, dura-bility and cost criteria it has to meet - then leaving the com ponent maker to get on with it. It is a system offering a future only to those compon makers prepared to invest in the engineers, designers and computer systems which pro-vides them with their own

extensive research and development capabilities. The rewards, however, can make the investment worthwhile in the form of much longer-term supply contracts, in which the probability is that the component maker will be

the sole supplier. These contracts also hold out the prospect of being in larger volume and more internation than to the past - provided again that the component maker is prepared to make other investment which may be necessary.

For example, only a few weeks ago Mr Alan Spencer, Ford of Europe's vice-president for supply, disclosed that Ford needed to move much closer to Japanese vehicle makers' lev-els of just-in-time inventories. Ford's relatively modest target is less than half a day, com-pared with its current average of slightly over one day - and two hours or less at Japanese

This meant that over the next five years some key sup-pliers would have to set up "clone" production plants close-to some or all of Ford's Euro-pean factories, warned Mr The news was greeted with

relative equanimity by larger component makers such as Robert Bosch of West Germany and GKN of the UK, who are already multinational to their But even the "European

tlon" of what, nntil fairly recently, was primarily a motley array of national industries inside Europe, is already inside Europe, is already starting to appear potentially inadequate in the face of progress towards globalisation by US and Japanese producers.

The initial attempts to produce "world cars" at the end of the 1970 - Chiffs Lear and

the 1970s - GM's J-car and Ford's Escort - were a partial failure in that many changes in tha end were required to Motor vehicles per head, 1986

Kingdom

suit individual markets. But it did allow the big US producers to set up large scale production of at least some core components for use world-wide. And now, with much more experience under their belts, they are looking once again to design a common range of cars to be built world-

As just one illustration, Ford US is designing and developing the replacement for the Euro-Granada/Scorpio, while Ford of Europe is doing the same for the Sierra's successor. The end products will mark a return to the "world car" con-

Clearly, those component suppliers who manage to become a part of this matrix stand a good chance of their long-term futures being well

Yet other restructuring forces are at work in the components sector.

The vehicle makers themselves, for example, have been huying np companies which they perceive as being capable of meeting technology or component needs, or even broaden-ing the base of their activities. Thus the acquisition by Dai-mer Benz of electronics group MTU and aerospace concern Dornier, and Fiat of Italy's 55 per cent stake in Magneti Mar-

This broadly-based components group in the past three years has expanded itself into years has expansion used into a pan-European snpplier, partly through making its own acquisitions, including Lucas Industries' vehicle lighting operations. Mr Alessandro Bar-beris, Magneti's chief executive, acknowledges that the European industry — vehicle makers as well as component suppliers — is facing a very strong challenge from the Jap-anese and US industries, particularly if, as is widely expec-ted, significant numbers of cars are shipped to Europe from Japanese "transplants" in the US as well. Most European component

makers are still too small to tackle it anccessfully, he warns. "In Europe it is still

Source/SMMT: The Motor Industry of Grant Prints, 1987 only Bosch which has got the really big dimens However, we are now working towards it.". Lucas itself has been under-

going its biggest restructuring for many years in terms of its automotive operations. Under Mr Bob Dale, managing director of Lucas Automotive, motor components have been reorganised into six divisions - all like its engine systems divisions - tailored to attack high-value, "hi-tech" sectors of the market

In predicting that the elec-tronics content of a car will rise to around 24 per cent of its manufacturing cost by the end of the 1990s, Dr Peter Walzer, Volkswagen's research chief, suggests that car makers might grow increasingly resentful of the fact that given the current components supply structure, much of the added value in such cars will be going not to them but suppliers like Robert Bosch.

This situation could be exacerbated by the fact that the electronics themselves control systems—such as anti-lock brakes—where much of the other hardware also comes from systems. from external suppliers. So any sharp reversal of the current trend of vehicle mak-

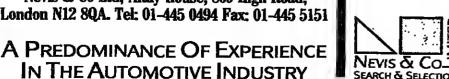
ers to source more from outside could provide yet another majur headache for independent suppliers as the 1990s What is certain is that pres-

sures on component suppliers can only intensify. As Mr Ian Offison, deputy managing director of Nissan Motor Manufacturing (UK) points out, the time gap between new models. en new models particularly among Japanese producers, is descending rapidly towards three years, requiring a faster pace of development for redevelopment for new compo-

The good news, however, is that "a policy of very long term supplier relationships is essential. You can't keep asking semebath, new to design your product with you every two or three years."

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The transformation of the supervisor's role will be crucial to future productivity gains to ensure as much as possible is made of the more flexible working practices which are

now available. The second major change which will be required involves team working. Most companies which have introduced team working and group problem solving find that special forms of training is necessary for the method to be effective. Workers, bred by a culture of a strict division of labour, do not automatically know how best to work to teams or to take joint decisions. The introduction of team working is not just a change in production, it is a dramatic change in the

tions between workers. Third, there remain in most companies some major der cation lines which will have to be eroded if greater flexibility to be introduced in the future. Most companies have abolished the lines which used to separate electricians from mechanics, welders from fit-ters. But in most car plants there remain two great demarcation lines; between production workers and indirect, maintenance workers, and

culture of work and the rela-

It is hy no means certain that companies will want to move in this direction. Just as they need flexibility, so they need specialisation.
However, to achieve greater

between manual workers and

flexibility at their plants it is these demarcation lines which will have to be eroded. This will require the introduction of harmonised terms and condiworkers to ease their inter-changeability. Not only can harmonisation prove to be very expensive, it can also go hadly wrong. Talks at Austin Rover, for instance, which began two years ago, have failed to agree on a common pay structure for all workers. The manual unions are now so suspicious of the idea that they have dropped it from their claim. Talks at Ford over the intro duction of a common pay structure have got off to a shaky start, with blue and white-collar unions refusing to

regotiate jointly.

Finally, the development of new technology production processes and the importance of quality and product innovation will require changes in approaches to training. Car companies will remain strong customers for semi-skilled labour, but in future they are likely to require more skilled workers, more capable and willing to be retrained.

Charles Leadbeater

introduce their own fiscal

incentives to speed introduc

tion of the new standards would, he claimed, further dis-

tort the market and compro-

mise the single European mar-

ket concept.
At first, French state-owned

Renault indicated that it felt

the probable 5 per cent rise in prices to be expected from the

month the storm had broken

had in any case been only a minimum nine-out-of-twelve

Selected count

United States

United Kingdor

W.Germany

Space to drive:road availability, 1986

14.5

80

9.0

Total length of road (1000km) per perso (metres)

(1000km)

6,214

491

1,127

new standards was accepta

unresolved by the 1985 agree This provided for a mid-1987 review of the standards for under 1.4 litre cars with a view to making them tougher at a later stage if this appeared to

The review had the potential for serious confrontation if a much more restrictive "second ple reason that if It meant using full catalyst systems, costing £400 a unit or more, it would have a far more dramatic impact on the price of small, cheap cars than on larger cars.

Although the review was much delayed, EC Environment Ministers surprised even themselves by initially reaching a majority agreement in June this year on a second stage, to become effective for new models in 1992 and all production in 1993. Under this second stage, under-1.4 litre cars would have to emit no more than 8 grammes per test cycle of a combination of nitrogen oxides and hydrocarbons and 30 grammes per test of carbon monoxide.

That compared with the first stage limits of 15 grammes and a specific limit of 6 grammes per test for nitrogen oxides. The compromise, yet again, was a grudging one. Denmark, West Germany, the Nether-lands and Greece wanted stifmajority compromise, leaving the qualified majority agreement in tatters.

Over the coming months, Commissioners and other EC

officials will try and pick up the pieces. Even if they do patch together another comfer standards. France, the UK and Italy argued for a more promise on the standards themselves, there is yet another major hurdle still to be Ominously, the standards seemed likely to require signif-icant numbers of small cars to take the catalyst route.

For there has yet to be agreed a revised driving test cycle to which the standards By July, the latest compro-mise was coming under full-frontal attack from Mr Jacques Calvet, chairman of France's need to be applied.
The current test cycle bears Peugeot group. Conpling it with fierce criticism of Green httle relevance to modern-day driving conditions in Europe, political parties, he declared the compromise to be "the worst possible proposal that could be imagined. He was

to take account of motorway not against fighting pollution, "but 1 am against demagogy" driving conditions and thus incorporate a high-speed seg-ment, and it is at high speeds The new standards, he insisted, would only further thet emissions become i demoralise car engineers devel-oping new products. Moreover, ingly difficult to control without the use of a catalyst. Dutch and Danish plans t

for many engines to meet the standards without "cats".

But by the beginning of this France withdrew from what

81,678

6.265

8,350

4,280

having an average speed of 12 miles per hour and a maximum A revised cycle really needs

Chemicals group Johnson Matthey, one of the world's biggest catalytic converter producers and thus with a heavily vested interest in the issue, point it may well be impossible

The belief that this may prove the case seems to lie behind M Calvet's onthurst which may yet draw more support from other producers.

Peugeot is now an environmentalists' target, with the UK's Friends of the Earth movement calling for a boycott

of Peugeot's products and for a "day of action" on November in which 280 FoE groups will,

It is of some minor consolation that good progress is now being made to reduce at least

ona pollutant, lead itself, ghout Europe. Lead in the atmosphere is an undisputed retarder of children's mental development and a potential killer. Many thou-

sands of tonnes - 3,000 in the UK alone - are pumped out by car exhausts each year. Despite widespread misperceptions to the contrary, there is no link between lead and the other exhaust polintants, except for the fact that cala-

lyst-equipped cars need to use unleaded petrol. Traditionally lead has been ed to improve petrol combustion and prevent damaging engine "knock" by increasing the fuel's octane ratio. Modern refining methods mean that it is no longer necessary.

Most cars now to production are capable of running on either leaded or unleaded fuel, with or without minor modification. In the UK, about 70 per cent of all cars on the road fall into this category and the UK Petroleum Industry Association reckons that between them these motorists could save pounds £2m a week by using unleaded fuel, which is currently some 5p a gailon cheaper than leaded four-star. Some cars cannot be modified - some very high perfor-mance machines and older ones which would need valve seats and possibly other com-ponents hardened.

There is already 100 per cent availability of unleaded petrol in West Germany and even in hitherto laggard markets like the UK, 20,000 petrols stations are expected to be offering it for sale by the end of this year.

Source-Hill World Road Statistics, 1967

Length of paved roads per vehicle (metres)

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IN	IDU	STF	RIAL	REL	ATIC	ONS

Qualitative flexibility

QUESTIONS will dominate labour relations in the motor industry in the next

The first is how to maintain the momentum of recent years towards introducing more flexible working practices, remoulding the organisation of work around new technology, and meeting the demand for high quality and product differ. entiation.

The second is more difficult. After the productivity gains of the past few years, achieved through reductions in manpower and new working practices, where will the uext gen-

It is now clear where labour relations in most UK motor

manufacturers are heading. Shopfloor workers will be expected to become more flexible, both around their plants and between tasks, Production workers are increasingly being urged to take on wider responsibilities, beyond their immediate tasks. These include quality control, managing the flow of work to their work stations, and simple routine mainte-

But there there is still someway to go. Jaguar, the luxury car maker was recently hit by eration of productivity gains a strike over transferring

"We have seen 1992, and for

the motor industry it works."

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the specific challenges and opportunities that the post-1992 EC

offers world motor industry suppliers, manufacturers, distributors

impact on the EC motor industry of the planned post-1992 Single

European Market. Commissioned from Ludvigsen Associates by

the European Community, it forms part of the Cecchini Report on

that led the EC Commission to rely on Ludvigson Associates for this

work is available to others who wish to profit from Ludvigsen's

skills and insights in all aspects of vehicle design, technology, pro-

1992, titled "The European Challenge".

duction, marketing and distribution.

veet the 1992 BC market challenge.

Effects on expens to the Count.

and retailers, as follows:

workers around its plant. At Austin Rover, the company and the unions are about to renegotiate a quality bouns introduced two years ago which stressed the look of products at the expense of

their performance. Among skilled workers there will be further moves towards mnlti-skilling. Ford. for instance, has recently unified its separate apprentice training schemes into a single programme. The aim is to estabsh a single multi-skilled grade of skilled worker.

Workers will be increasingly asked to work in teams, within which they will be more interchangeable. These teams are likely to have some degree of Austin Rover, for instance, plans to extend its experiment

> which there may be some flexibility between skilled and Most companies are attempting to improve and extend the way they communicate with their workers and to introduce forms of employee involvement

in cell manufacturing. Ford is

introducing work teams in

to cover quality and production problems. However some big obstacles will have to be overcome if car companies are to fully realise the productivity gains of more flexible production and work

While in the early 1980s personnel managers' main task was to abolish outmoded narcation lines to raise productivity, the target in the next few years will be to intro-

duce more qualitative changes. The first main obstacle is the established role of the shopfloor supervisor or foreman. Traditionally the foreman nforced the rules which regulated the strictly demarcated division of labour on the production line. But with the shift to more flexible forms of working and team working, the foreman's role has to change

Tha old Ford motto that "workers want money and need discipline" no longer applies. The kind of high quality productivity that compa nies want from their workers requires supervisors to become

as of April 1988 45 grammes respectively, plus COMPONENT SUPPLIERS

Pressure to adapt grows

suppliers are among those most closely caught up in the strategic restructurings of the world's vehicle makers.

Whether component companies are headquartered in the pressures on them to adapt to change, increase their expertise, cut costs and invest more beavily are relentless and tak-

ing many forms. For example, with the high yen and Japanese vehicle makers shifting ever more production offshore, Japan's components sector has felt itself to have little choice but follow

Thus already there are dozens of Japanese-owned component makers ringing the Japa-nese "transplant" car and commercial vehicle production facilities of the US. The first tentative landing parties in Europe have also begun to dig in, catering initially for some of the needs of Nissan, both at its Sunderland cars plant in the UK and Nissan Motor Then ica, its majority-owned facility in Spain where light commer cial and four-wheel-drives are currently produced - as well as for the collaborative pro-jects of Honda and Rover.

With Suzuki and other Japanese vehicle makers now also seriously examining projects to start making cars within the single European market intended to exist post-1992, a much more extensive Japanese component industry presence
- as in the US - is also

clearly in prospect. Given undisputedly high Japanese productivity and quality standards, the threat to European component producers is an obvious one - as.

however, are the opportunities. For example, it remains far raging between France and the UK over French refusal to admit UK-assembled Nissan Bluehirds as "European" will resolve ltself.

Current EC rules define a roduct as "European" if the last substantial manufacturing process took place within the Community (even a mnchquoted 60 per cent "local" con-teot level for acceptability has no formal standing). But it is hy no means impos-sible that an 80 per cent EC

content requirement could be established as part of legislative framework for 1992. Experience to date with Nissan's LIK plant, to which sev-

companies are already suppli-ers, indicates that there should be plenty of opportunities for European component makers. In any case, change imposed

INEVITABLY, COMPONENT by the European vehicle mak-

ers themselves are already requiring suppliers to become much more competitive or, as has been happening, fall by the One major change is a makers to work much more

closely with the vehicle make from the vehicle's initial design stage. Increasingly, car makers are showing the supplier where components have to fit, what performance, dura-bility and cost criteria it has to meet - then leaving the com ponent maker to get on with it. It is a system offering a future only to those compon makers prepared to invest in the engineers, designers and computer systems which pro-vides them with their own

extensive research and development capabilities. The rewards, however, can make the investment worthwhile in the form of much longer-term supply contracts, in which the probability is that the component maker will be

the sole supplier. These contracts also hold out the prospect of being in larger volume and more internation than to the past - provided again that the component maker is prepared to make other investment which may be necessary.

For example, only a few weeks ago Mr Alan Spencer, Ford of Europe's vice-president for supply, disclosed that Ford needed to move much closer to Japanese vehicle makers' lev-els of just-in-time inventories. Ford's relatively modest target is less than half a day, com-pared with its current average of slightly over one day - and two hours or less at Japanese

This meant that over the next five years some key sup-pliers would have to set up "clone" production plants close-to some or all of Ford's Euro-pean factories, warned Mr The news was greeted with

relative equanimity by larger component makers such as Robert Bosch of West Germany and GKN of the UK, who are already multinational to their But even the "European

tlon" of what, nntil fairly recently, was primarily a motley array of national industries inside Europe, is already inside Europe, is already starting to appear potentially inadequate in the face of progress towards globalisation by US and Japanese producers.

The initial attempts to produce "world cars" at the end of the 1970 - Chiffs Lear and

the 1970s - GM's J-car and Ford's Escort - were a partial failure in that many changes in tha end were required to Motor vehicles per head, 1986

Kingdom

suit individual markets. But it did allow the big US producers to set up large scale production of at least some core components for use world-wide. And now, with much more experience under their belts, they are looking once again to design a common range of cars to be built world-

As just one illustration, Ford US is designing and developing the replacement for the Euro-Granada/Scorpio, while Ford of Europe is doing the same for the Sierra's successor. The end products will mark a return to the "world car" con-

Clearly, those component suppliers who manage to become a part of this matrix stand a good chance of their long-term futures being well

Yet other restructuring forces are at work in the components sector.

The vehicle makers themselves, for example, have been huying np companies which they perceive as being capable of meeting technology or component needs, or even broaden-ing the base of their activities. Thus the acquisition by Dai-mer Benz of electronics group MTU and aerospace concern Dornier, and Fiat of Italy's 55 per cent stake in Magneti Mar-

This broadly-based components group in the past three years has expanded itself into years has expansion used into a pan-European snpplier, partly through making its own acquisitions, including Lucas Industries' vehicle lighting operations. Mr Alessandro Bar-beris, Magneti's chief executive, acknowledges that the European industry — vehicle makers as well as component suppliers — is facing a very strong challenge from the Jap-anese and US industries, particularly if, as is widely expec-ted, significant numbers of cars are shipped to Europe from Japanese "transplants" in the US as well. Most European component

makers are still too small to tackle it anccessfully, he warns. "In Europe it is still

Source/SMMT: The Motor Industry of Grant Prints, 1987 only Bosch which has got the really big dimens However, we are now working towards it.". Lucas itself has been under-

going its biggest restructuring for many years in terms of its automotive operations. Under Mr Bob Dale, managing director of Lucas Automotive, motor components have been reorganised into six divisions - all like its engine systems divisions - tailored to attack high-value, "hi-tech" sectors of the market

In predicting that the elec-tronics content of a car will rise to around 24 per cent of its manufacturing cost by the end of the 1990s, Dr Peter Walzer, Volkswagen's research chief, suggests that car makers might grow increasingly resentful of the fact that given the current components supply structure, much of the added value in such cars will be going not to them but suppliers like Robert Bosch.

This situation could be exacerbated by the fact that the electronics themselves control systems—such as anti-lock brakes—where much of the other hardware also comes from systems. from external suppliers. So any sharp reversal of the current trend of vehicle mak-

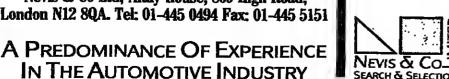
ers to source more from outside could provide yet another majur headache for independent suppliers as the 1990s What is certain is that pres-

sures on component suppliers can only intensify. As Mr Ian Offison, deputy managing director of Nissan Motor Manufacturing (UK) points out, the time gap between new models. en new models particularly among Japanese producers, is descending rapidly towards three years, requiring a faster pace of development for redevelopment for new compo-

The good news, however, is that "a policy of very long term supplier relationships is essential. You can't keep asking semebath, new to design your product with you every two or three years."

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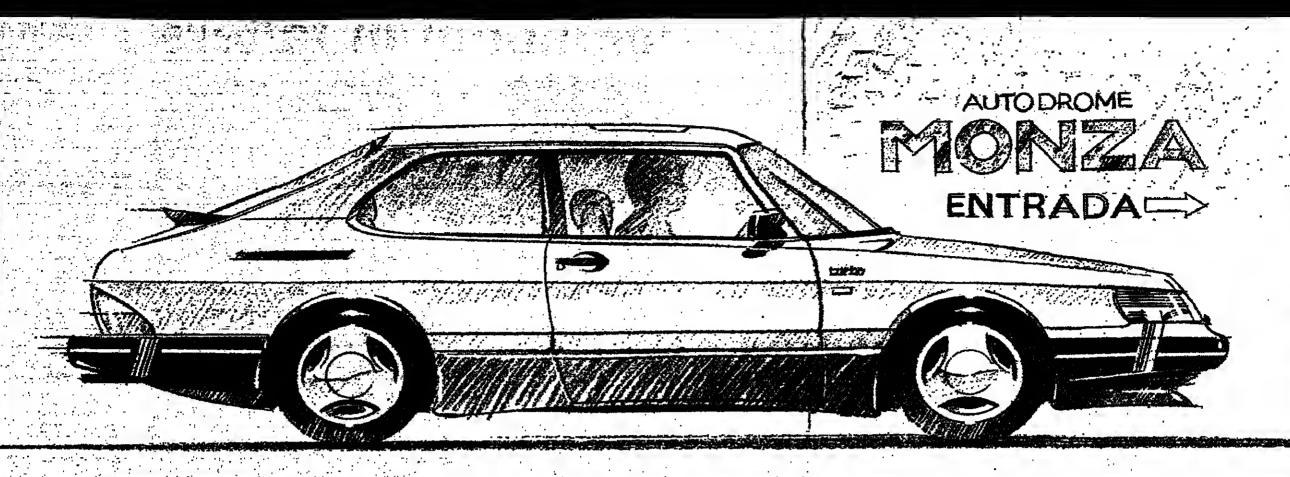
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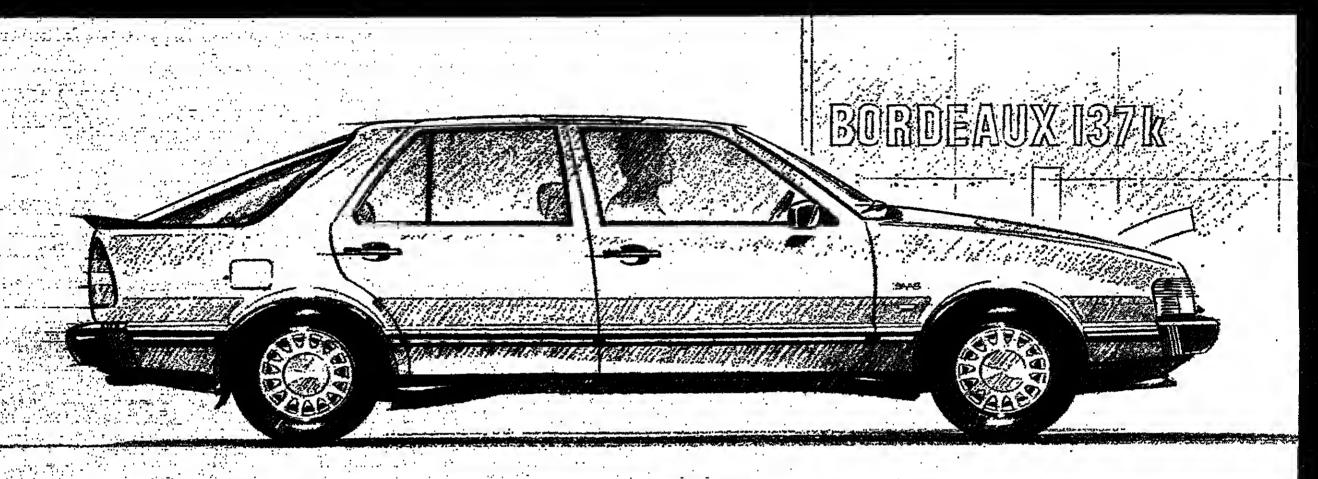
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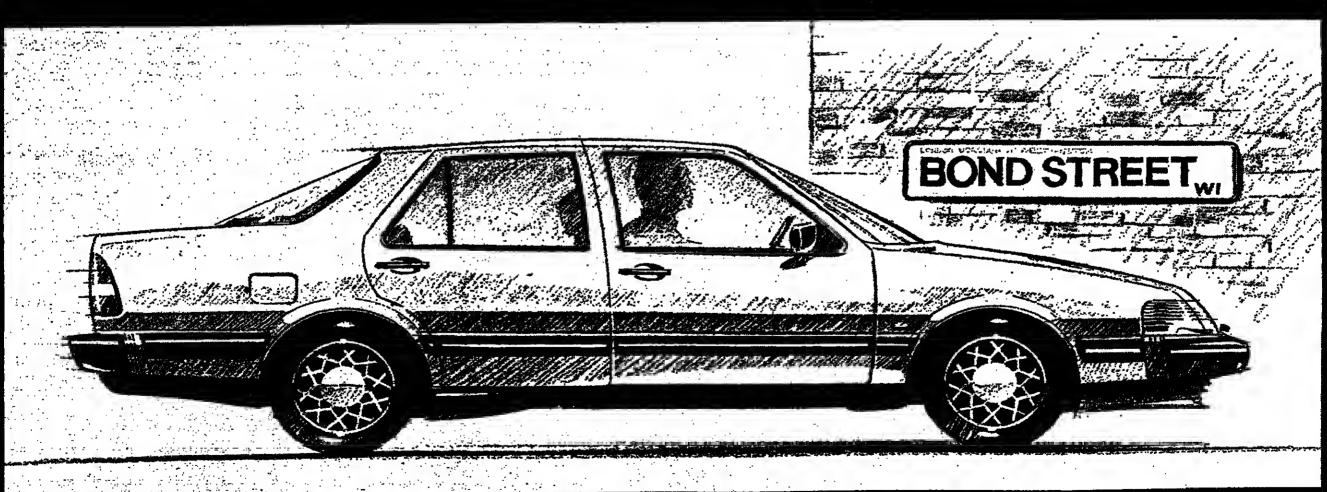
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A vintage year for genuine new models

THIS HAS been a vintage year for new cars. The stands at this year's British International Motor Show at the National Exhibition Centre, Birmingham, are filled with more genuinely new models, as well as face lifts of familiar one, than for some years past.

Alfa Romeo, whose new 3

Alfa Romeo, whose new 3 litre, front wheel drive 164 is making its British debnt, will now be a force to be reckoned with in the luxury executive segment. This elegant, Pininfarina styled saloon combines the traditional sportiness of Alfa Romeo with refinement and lavish equipment putting it at the top of its class and all at seductively keep prices.

at seductively keen prices.

The lightweight Aston Martins is perhaps more for investors and collectors than mere user-choosers of management cars but it shows real advance on the part of this old and famous maker, control of which recently recent to Kord.

which recently passed to Ford.
Andi's V8 is seen in left-hand drive and right-hand steering models for Britain are some way off. This large luxury car is the first of its kind to combine an automatic gearbox with quattro all wheel drive transmission.

It will cruise quietly and effortlessly on the autobahn at speeds other countries deem highly illegal and its sure-footedness will be a boon in winter road conditions. With a leather and wood veneer interior that should delight a Jaguar owner, it would cost at least £35,000 if available here

Every BMW sold in Britain is now fuel injected and the 5 Series saloons, introduced earlier this year, are arguably the best medium-sized management level cars money can buy. Much the same can be said higher up the price/size scale of the 7 Series, especially the superlative 750iL with its V12 engine and "fly by wire" accelerator. Despite its formidable performance (a deliberately restricted top speed of 155 mph/250 kmh) it gave me 22 mpg (12.8 litres/100 kms) on a

UK to Switzerland journey.
Citroen's new large car to replace the veteran CX is still some months away but meantime, the HX goes from success to success. The diesel version has such appeal to fleet huyers that it has become the hest seller in Britain, an extraordinary turn round for a make



The Nissan Prairie: a 2-litre engine and 4-wheel drive option



The BMW 5-Series: arguably Europe's best executive saloon

that not long ago was regarded as too eccentric for all hnt enthusiasts

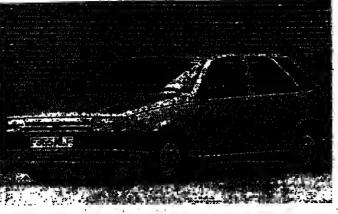
One of the most significant new cars of 1988 has been the Fiats Tipo, a family hatchback in the Ford Escort/VW Golf category. It uses so much galvanized steel and sophisticated plastics mouldings that the body should be exceptionally corrosion resistant. Interior space is unusually generous for so compact a car. For mechanical refinement and road noise suppression it is at the top of its class. Keen pricing must assure large sales in Britain once supplies match

There are no completely new models in Ford's 1989 line up though a new Flesta is due early next year. But it has improved the equipment levels of its current range and introduced new engines. Advanced lean hurn technology has allowed Ford to meet increas-

ingly severe exhaust emission requirements by improving combustion efficiency. The new engines include a 1.3 litre for the Escort and Orion and an enlarged 1.8 diesel.

While Europe's luxury car makers are bracing themselves for an onslaught from Japan in the next year or two, Korea's threat to the middle executive market is closer. The Hyundai Sonata, which goes on sale here next Spring at prices likely to start at less than £10,000, is a Ford Grana-da/Vauxhall Carlton class 5 seat, 4 door saloon. There will be a choice of 1.8, 2.0 or 2.4 litre fuel-injected engines with 5 speed manual or 4 speed, electronically controlled antomatic transmission. Power steering will be standard and factory options will include air condi-

Jaguar also goes into 1989 with only one new model (a cosmetically altered XJ S



The Flat Tipo: lavish use of galvanised steel and plasti



The Audi V8: 4-wheel drive in the tuxury class

conpe) but forthcoming improvements include more powerful 6-cylinder engines and, later, the introduction of the 5.3 litre V12 into the new bodied XJ saloons. Booming sales in France are a reflection of European taste for a volume produced car that manages to feel like a bespoke product.

Revised versions of the Lan-

cia Thema have just appeared in Italy with a 2 litre, 16 valve engine and Pininfarina-styled estate car bodywork. They may be expected here in the Spring.

Land Rover's Range Rover benefits at long last from a change to chain drive in its transfer case and a viscous coupling instead of a conventional third differential. It should now be as quiet mechanically as its Japaneserivals, one of which (the Mitsubishi Shogun) has just acquired a 3 litre V6 engine

option.

Mercedes Benz has made the

first changes to its best selling compact seloon, the 190, since its introduction nearly five years ago. The body now has the same family look as the larger 200-300 Series, there is a little more rear passenger space and pleas for softer upholded.

An enlarged engine (from 23 litres to 25) makes the sporting 1905 16 only a little faster but much more flexible in traffic. A new Mercedes SL sports coupe will make its debut at Geneva Show in March.

The Mitsubishi Galant and

smaller Colt and Lancer, unveiled simultaneously in Tokyo this time last year, have now reached Britain.

Both the supermini sized Colt hatchback and slightly longer Lancer saloon are offered with power steering, which is increasingly demanded by motorists who

see no reason why small cars



The Hyundal Sonata: S Korea's executive class challenger



The Alla Romeo 164 3.0 V6 Lusso: lavishly equipped

should need more effort to park than large coss.

Main points of interest on the Nissan stand at NEC are the beautiful 2005X sports 2+2—successor to the Silvia Turbo and an elegant new Prairie multi purpose vehicle. At a likely price of about £16,000 complete with ABS hrakes, the turbocharged 2005X will arrive in the near future. The 2 litre engined Prairie, compact, roomy and with sliding doors that make it exceptionally easy to enter and leave, will be offered in front

Peugeot's handsome estate car version of the 405 makes its UK debut at the show. It will be imported huilt up from France (all 495 saloons for Britain are assembled in Coventry). Engine options include Peugeot's peeriess 1.9 like diesel, naturally aspirated or turbocharged.

wheel and four wheel drive

Another of this year's most important small/medium cars is the Renault 19, which promises to do for its maker's sales charts what the Renault 5 did years ago. It is a just a little smaller and will sell more cheaply than its most obvious rival, the Fiat Tipo; though it is no less refined and may be had with power steering. Variants include one with a Spanish-huilt engine specifically designed to run on lead free petrol and a new diesel. British deliveries start in March, with

Rover Group's long-awaited 2-litre, direct injection turbodiesel engined Montego saloon and estate make their appearance though the angine, naturally aspirated, has been fitted to Maestro based penel vans for nearly two years. Minor revisions have been made across the range of Austin Rover products, which was

potent 16 valve model soon to

enlarged in mid year by the introduction of the fastback version of the Rover 800,

Sash entered the luxury market in mid year with the 9000CDE, furnished in traditional wood veneer and leather. It is a vivid performer despite its 2-litre, 4 cylinder engine which does, however, have tarbocharging, intercooling and 15 valves.

Among recently introduced Togota models is an compact estate car with a 16 valve engine and full time four wheel drive. The 3 litre Supra, a sporting grand tourer, has now acquired a turbocharger for even more effortless performance.

Vauxhall's new Cavalier must give competitors cause for concern and boost its maker's market share. I rate the new cars better than most, if not all, rivals for ride comfort and suppression of road noise. They handle very well,

The 4WD model, with permanently engaged all-wheel drive, is an exceptionally attractive proposition for users who need a comfortable car with snow and ice beating traction at a sensible price. Vauxhall's new 4-speed, electronically controlled automatic transmission, offered on castain Cavaliers, is another best in class.

another best in class.

Volkswagen's medium sized Passat saloon and estate car have been joined by the Cornailo, the first full blooded v.W 2+2 sports car. It has a retractable spoiler to defeat rear and aerodynamic lift that might affect road-holding at high speeds. Early arrivals will have the 16 valve, 136 hap engine but, in due course, a more powerful unit with a mechanical supercharger will be offered. Syncro-yersions of the Golf hatchback and Jetta saloon, with a sophisticated permanently engaged four wheel drive transmission, have just been added to the British range.

Although the evergreen Volvo 300 series will remain in production for a year or two, its eventual successor may be seen in the shape of the Volvo 446. Duich built and based on the pretty 48053 compe. This Remailtengined 4-door saloon manages to combine the coupers siegance with a family litemess to the big 300 series

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THE TANKS TO MAKE IN

Once again Ford are improving the Sierra.

Some of the most popular options in the catalogue are being made standard including the sunroof on Sierra L models. And there are many other detail changes too many to show on this page.

changes, too many to show on this page.

One way or another, nearly every model in the range is affected.

So, whether you're looking for a Sapphire saloon, a Sierra estate, or hatchback, you'll find it's now better equipped than ever. The new Sierras are at Ford dealers now, along with the latest Escorts and Orions.

Why not call in and see them. We're sure you'll find it's worth your while.



tioning.

Power steering. Option price £550°. Now it's standard on Sierra Ghia and Sepphire Ghia. So steering's light when parking's light.



Headlight wash/wipe. Option in a £150*.
But now it's standard on Sierra GLS and Sapphire.
GLS and on both Ghizs. And on the XR4x4. So
your headlights will stay bright an the dirtiest night.

1.



Electric front windows. Freviously £250° as an option. Now they're standard on the Sierra GL and Sapphire GL. Especially handy at ticket barriers and toll gates.



Electrically heated windscreen. Option price £120*. Now it's standard on Sterra Ghia and on the Sterra 4x4. So you wan't have to wait for your engine to warm up



Sunroof. Previously £390° as an option. Now it's standard all the way down to Siena L and



Previously £275* as an option. Now it's standard on Sierra LX and Sapphire LX. So now when you lock your doors, you won't forget to lock the boot.

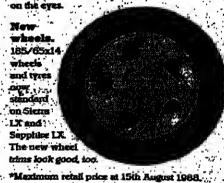


Radio sezial in year window. Previously £65* as an option. Now it costs nothing on Stems and Sapphire L. LX and GL. Your serial will never be snapped off by vandals again.

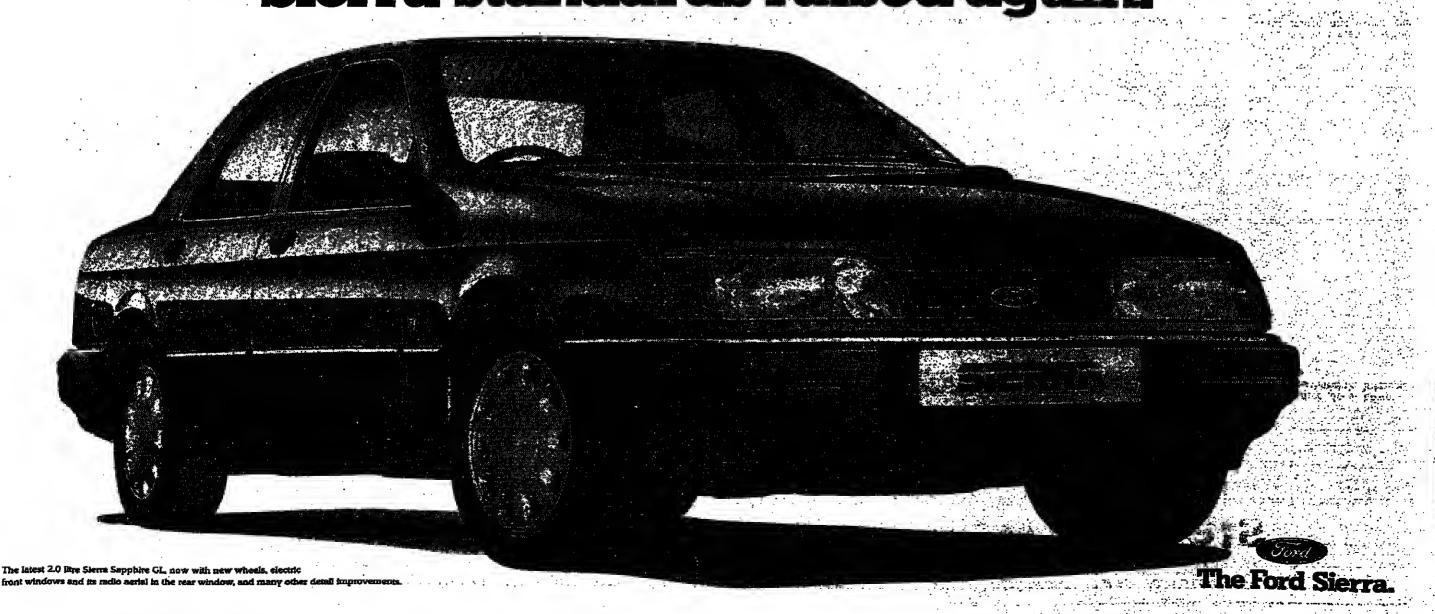


Tinted glass. Previously a £65° option.

Now standard on Sieus L and Supplies L Easy



Sierra standards raised again.



ACCOUNTANCY COLUMN

Profession takes stock of share ownership arguments

By Richard Waters

THE DEBATE about who should be allowed to own accountancy firms is officially under way again, after nine months out of the headlines. and all the signs are that the restrictions on ownership are likely to be much less severe than proposed in the past.

So far accountants, in the shape of the three institutes of chartered accountants, have said that outsiders should not be allowed to own more than 25 per cent of the shares in a firm and should have no voting rights and no control over the appointment of directors.

At present auditing firms (accountants still look to audit-ing for a large part of their business) cannot by law oper-ate as companies. That will be changed when the Government enacts the next companies hill, which is expected in the next

session of Parliament. However, to protect their independence, qualified auditors must retain a majority of the shares in their companies and ultimate control.

The accountants will be allowed to include tighter ownership requirements in their own ethical rules, if they think them necessary to protect independence – and if the Department of Trade and Industry agrees. The question now is what form these professional rules should take and whether the 25 per cent non-voting proposal is too restrictive.

THE WAY

alle a still

Straws in the political wind risk of challenge from the suggest that it is. If the law allows outsiders to own up to allows outsiders to own up to find a balance that is acceptable to them." 49 per cent of an accountancy firm, what right have accountants to limit it to 25 per cent?

As a profession, accountants have had a monopoly for most of this century. Is it not time others had a chance to enjoy the profits that flow from this monopolistic position? It also seems highly unlikely that the profession will be able to foist non-voting shares onto inves-tors when they have been dis-credited elsewhere.

Mr Gordon Anderson, chair-

mar Gaudh Anderson, chairman of Arthur Young and of the working party which has drawn up a discussion paper on the subject for the three institutes of chartered accoun-tants, warned: "We run the

The argument from the reac-tionary fringe (some might say core) of the profession has been that an auditing com-pany's independence would be undermined if outside shareholders had a say in its runholders had a say in its running. There are strong arguments against this point. For a start, what evidence is there that companies with outside shareholders are not independent or professional? Mr Michael Blackburn, managing partner of Touche Ross and one of the most vociferous advocates of incorporation, said many of incorporation, said many widely-held companies would be incensed at the suggestion. Bankers, for instance, may

tuses are biased. Surveyors, who had similar ownership restrictions to those for accountants until two years ago, would no doubt argue that property valuations they pre-pare are no less independent now that some of them are listed on the stock market.

they are more "professional" than these other professions and that they enjoy a better reputation for independence. This smacks of conceit - par-ticularly when they are beginning to emulate merchant banks in their activities.

Some accountants claim that

Of course, the investing public needs to be reassured that auditors are independent. The

Most obviously, companies should not be able to hold shares in their own anditor. There is also a strong case for arguing that banks should not own shares in an audit firm, since they could then poten-tially exert far greater influence over companies to which

they have lent money.

There may even be cause to follow the line of the US Securities and Exchange Commission. It is concerned about the independence of auditors of US companies' subsidiaries in countries like Germany and Switzerland, where incorporated audit firms already exist. The commission's answer: it does not accept auditors if they

in which they are presently at a marked disadvantage to

other, corporate employers. However, although one or two medium-sized firms report a number of approaches from outsiders, most say that they have not been actively courted. A serious bid or two

Mr Hugh Aldous, managing partner of Robson Rhodes, a firm with fee income of £25m, said: "For £50m, my ethics might bend a bit." Offers on

feel aggrieved over the accusa key is regulating who owns the tion that reports they prepare shares, or how many each in connection with prospective investor is allowed to own. have a shareholder who is also a shareholder in the client company. Such a rule, if company. Such a rule, if adopted in the UK, would pre-vent institutional investors with extensive equity holdings from taking stakes in audit

Anyone interested has a chance to comment before the end of February. Copies of a consultative document, published last week, are available from the Institute of Chartered Accountants in England and Wales, Gloucester House, 399 Silbury Boulevard, Central Miles Restreet March 2511. (Include ton Keynes, MK9 2HL (include stamp addressed envelope).

Anyone pondering this docu-ment should perhaps bear in mind the position in another leading European country:
West Germany. Concerns
about independence are as
strong there as anywhere. It is a criminal offence for accountants to advertise, for instance.
In the UK, professional rules were relaxed four years ago to allow advertising. However, some German accountancy firms have been partially owned by banks for years.

The objections to outside ownership heard in some quarters in the UK may be nothing

ters in the UK may be nothing more than reactionary responses based on fear of the unknown and a desire to protect a way of life which has enabled partners in accountains to live in comfort

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Firms fear client backlash against market moves

THE largest accountancy firms will not be the first to rush to the stock market, assuming they are allowed to do so a year or two from now. There are a number of reasons for this, the most important being that they would face a backlash from large audit clients, who in turn would fear a backlash from their shareholders.

How easy would it he for the first firm going public to con-vince the world that it was not sacrificing its independence?

do not need the capital; that they are perfectly able to adopt a corporate management structure, a more efficient way of operating, without having to become companies; and that this year's reductions in the top rate of income tax make it less difficult to finance their businesses out of partners'

after-tax income.
In the long run, however, there are persuasive reasons for going corporate. Mr Joe Connor, who has just taken over as head of Price Water-Firms also claim that they house, has a long-term goal of

taking in outside cepital.
Without it, he says, it is unlikely that firms like Price whilesiy that firms like Price
Waterhouse will be able to
compete with others across a
broad range of financial services. Most firms in recent
years have increased the capital they ask their partners to
commit to the business.

The other most likely reas for taking in capital is to put a value on accountancy firms. Selling shares to an outsider creates that value and would allow firms to establish sharp

may change all that.

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ent team with the appointment of a proactive ent (probably a CBMA) reporting to the Managing Director

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To be considered for this position you will ideally be a qualified accountant, aged 27-35, with experience in the financial services sector, preferably including exposure to capital markets. You will be self-motivated, have an analytical aptitude and a proven ability to communicate at all levels in a clear, logical and convincing manner.

To apply for this position please write to or telephone Susan Lee, Senior Consultant, Accountancy Division, quoting ref: CG3751.

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In addition to the salary indicated there are a range of benefits including generous relocation assistance where appropriate.

In the first instance please contact Kevin Cottrell on (0272) 522590 or write, enclosing full career details, to Search Elite Ltd., The Old Chapel, Horfield Common, Gloucester Road, Bristol, BS7 0BJ.

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of Head of Internal Audit, reporting to the Senior Vice President, with functional reporting to Switzerland.

The initial brief will involve e comprehensive systems review with recommendations to management outlining key priorities. Subsequent responsibilities will embrace the implementation of internal control procedures and the provision of assistance in the Compliance area.

This position is seen as an excellent entry point for someone wishing to progress into a broader banking role, with opportunities for involvement in the bank's international development.

Candidates are likely to be in their early 30's with banking audit experience, probably gained within a major firm of Chartered Accountants, or in a bank's internal eudit department.

Fax: 01-836 4942.

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Financial Controller and Company Secretary

London WC1

£32,500 package

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Reporting to the Managing Director, the appointee will develop and manage the finance, computing and company secretarial functions principally in the UK but also in liaison with e Swiss Office, and become involved in the planning and development of the

We seek a young qualified accountant, with experience of computer based eccounting and management information systems in e professional organisation or service industry. A flexible package will allow the appointee to choose an appropriate mix of salary and benefits.

Please write in confidence submitting a curriculum vitae and quoting reference 7503 to:

> **Peter Childs** Director Pannell Kerr Forster Associates **New Garden House** 78 Hatton Garden LONDON ECIN 8JA



FINANCIAL CONTROLLER

BANKING AND INVESTMENT MANAGEMENT

City

min £30,000

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The real challenge for an ambitious professional will be the demands on his/her initiative to successfully create, implement and refine intelligent control systems to enable the bank to rapidly expand in the asset management business. Additionally, you will be responsible for all accounting matters and the preparation of reports to regulatory authorities, management accounts and draft statutory accounts.

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Please send your application, including a full C.V. to: Box No. A1022 Financial Times, 10 Cannon Street, London EC4P 4BY

Company Accountant

Swindon

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If you feel you have the essential qualities we are looking for, send full career details to: Jeremy Webster, Manager Associate Relations, HONDA OF THE UK MANUFACTURING LTD., Highworth Road, Swindon, Wiltshire SN3 4TJ. Telephone: (0793) 831183.

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This key management role will be a major influence on the group's the profile of the prof

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Applicants should be experienced in UK reporting, able to demonstrate a sound record of achievement within a commercially orientated industrial organisation. The technical competence and personal standing to deal independently at a senior level is assential. The successful candidate will probably be a Chartered Accountant in the age range 30-35. Location – M4 Corridor, Home Counties. Relocation assistance is available where appropriate.

Please reply in confidence quoting reference E.145 to:

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Nr Sevenoaks to £35k + substantial bonus + car

Our client is a marketing driven privately owned business manufacturing consumer products, with plans for a floration in the medium term. A finance director is sought who will provide commercial input for the expansion of the business in addition to taking full responsibility for the finance and data processing functions. An initial key task will be the

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management team. A relocation package is available if

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for the Financial Director. In return for commitment and a positive attitude, rewards are substantial with unrivalled prospects of promotion.



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There are currently 3 vacancies for candidates with strong professional or commercial backgrounds for whom travel and being part of a well organised and motivated team hold attraction. A second European language facility in any major EUROPEAN language would be advantageous. Explicit assistance is given by the company for linguistic improvement. If you KNOW IN YOUR HEART that you're SOMETHING SPECIAL. please telephone and send your CV to:-

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The salary package is highly competitive, and includes a fully expensed car, a mortgage facility and an excellent non-contributory

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Now, due to continuing success and expansion in Europe, we are establishing a corporate internal audit function in London which means two superb new opportunities for talented Internal Auditors,

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4 Garden House, Cloisters Business Centra.

Battersea Park Road, London SW8 4BG suboting ref: 1344 on the envelope. Your application will be forwarded directly to our client, unless marked "security check" and noting separately companies to which it should not be sent.



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Applications will be treated in the strictest confidence. Please reply in writing with full CV including current salary details.

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Wiltshire based

Circa £30,000 + car

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pany, as a senior member of the management team. The ideal candidate will be professionally qualified with relevant commercial experience, preferably in a manufacturing environment. Essentially, you will be used to operating within tight time schedules for group accounting and reporting and should be conversant with the PC based tools available to today's accountants.

A competitive reward package will match the importance of the role and there are dearly excellent career development opportunities.

Please write with CV to David Dodd, quoting



MSL International (UK) Ltd., Broad Quay House, Broad Quay, Bristol BSI 4DJ.

Financial Controller

'£1.7m to £3m this year. and that's just the beginning

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Established only 3 years ago, this privately owned and very profitable agency – a full service below the line operation – is well ahead of forecasts and is seeking significant continued

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Reporting to the Chairman - and having membership of the executive team - you will have Age 26-30

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Additionally, you must be capable of playing an active role in the diversity of small company life. For the right candidate salary is not seen as a limiting factor. This appointment is Hertfordshire based.

Interested? Then please forward a comprehensive CV to Denmis Fielding, quoting reference MD1715 at Macmillan Davies Consultants, Salisbury House, Bluecoats, Hertford, SG14 1PU. Tel: (0992) 552552.

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arise to participate in acquisition/ divestment appraisals. It will be necessary to demonstrate experience in most, if not all, of these

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Brantham Works, Nr. Manningtree, Essex, CO11 1NJ.

WARDLE STOREYS

Birmingham

Our client is a young, progressive and dynamic plc involved in the manufacture, distribution and sale of a range of high quality retail products. The plc is highly acquisitive and has recently purchased a profitable £15m turnover company.

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Candidates should be Chartered Accountants, probably aged between 26-33, who have a

record of achievement in either public practice or industry. Essential qualities will include a flexible approach to managing the finance function and excellent interpersonal skills.

Given the dynamism and profitability of the group there are excellent career opportunities for the successful candidate. The company is therefore providing a generous salary package which includes car, share option scheme, private health care and pension scheme.

Interested candidates should write to Tony Hodgins ACA, Executive Division, enclosing a comprehensive curriculum vitae, at Michael Page Finance, Bennetts Court, 6 Bennetts Hill, Birmingham B2 5ST.

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This is a unique opportunity to join a highly successful international operation and carries an attractive remuneration package.

STERNSTEWART&CO

Stem Stewart & Company is an advisory consultancy specialising in valuation and corporate restructuring. The company has designed a unique array of products and services which apply the principles of modern finance to corporate decision making.

These products include the distinguished Continental Bank Journal of Applied Corporate Finance, a range of consulting services to cused on increasing the value of the client's company, the financial planning and valuation software system called FINANSEER* and management development programmes in corporate finance,

For immediate and confidential consider-

ation, please send full c.v. to: E.Marik Gressle, Partner, Stem Stewart & Co., 37 Bedford Square, London WC1B3EG.

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These are currently six Professors in the School, and a seventh Chair in Informa-tion Technology - funded by ICL - will shortly be advertised. In addition these

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IMRO has developed a strong dynamic team of professionals in preparation for its role as a Self Regulating Organisation centred upon regulation of Investment Management ranging from the major merchant banks to smaller independent concerns. This is a unique opportunity to gain first-hand knowledge of the sector.

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The University invites appli-cations for a Chair in the Department of Accounting and Finance. No particular and Finance. No particular specialism is sought and applications from those with expertise in any areas of accounting and/or finance are encouraged. Other Chairs in the Department are occupied by John Arnold and Robert W. Scapers. Salary will be within the normal pro-tessorial range, with superannuation benefits.
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Button Group Financial Services is one of the fastest growing areas of The Button Group Pic. Operating Europe's leading retail credit that business, and handling over 2.5 million cards, it manages assets in excess of £450 million. Not only does it provide an important support role to the retail businesses, but more recently it has extended its services to share dealing and mortgage and insurance broking, which currently operate through several subsidiary

Your role will be to collate and consolidate the Group's financial and management accounting information, ensuring standard accounting practices and Group policies are adhered to and objectives are achieved. You will control and Group policies are achieved to and objectives are achieved; rou will control all headquarters' costs as well as a large capital expenditure budget and, in liaison with Internal Audit, monitor and enhance the effectiveness of financial and systems control procedures.

With at least 3 years' post qualification experience, you will have a good command of the requisite technical skills—computerised consolidations, report

preparation and interpretation, spreadsheet/graphics techniques, statutory

accounting terration etc.

To succeed in this fast-moving environment, you will also need to be commercially orientated and able to work to strict deadlines. Your strong personality and excellent interpersonal and communication skills will ensure you co-ordinate all efforts for optimum result, thereby maximising your own

Pierse contact Melinda Rughes or Jackie Hardiety on 0532 446611, quoting Ref No LD67.

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Finance Director

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James River Graphics, a division of the is building a \$38 Million facility to manufacture speciality coated film products using state of the art production technology at Runcorn, Cheshire.

The typical products will be dry film photoresists for the electronics industry, microfilm for the records retention and

information distribution industries and mirrmation distribution industries and several graphic arts products. Reporting to the Managing Director, this position will be responsible for providing assistance and advice on all financial matters, concerning the planning and reporting of the business, including compliance with group policies, procedures and practices, including statutory requirements.

Candidates must be Chartered Accountants, aged 35-45, with at least 10 years experience in a manufacturing operation and having prepared statutory returns, taxation and treasury transactions, using computerised accounting systems. The appointee will be highly organised, working in a matrix management approach and have demonstrated commercial acumen and able to get behind the "figures" in advising the management team. Career prospects are very good and there is a generous relocation

R.A. Flude, Ref: M15054/FT. Male or female candidates should telephone in confidence for a Personal History Form, 061-832 3500, Hoggett Bowers pic, St. James's Court, 30 Brown Street, MANCHESTER, M2 2JF.

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We are looking for quality—If you have a clean exam record, send your CV to Paul Pinder, Group Financial Director, The CAPITA Group Ltd, Park Gate, 21 Tothill Street, London SW1H 9LL.

UNIVERSITY OF BATH SCHOOL OF MANAGEMENT

LECTURESHIP IN BUSINESS ECONOMICS/STATISTICS

The School of Management is seeking to appoint a Lecturer specialising to quantitative analysis in the area of business economics and management. The School would be particularly interested in candidates with expertise in the area of business forecasting and market analysis.

There are currently six Professors in the School, and a teventh Chair in Information Technology - funded by ICL - will shortly be advertised. In addition there are some 30 other permanent members of staff.

Members of staff are heavily involved in research, with current research income of the School in excess of £1.25 intilion. It is anticipated that the appointment will be made on Lecturer Grade A. An appointment to Lecturer Grade B may be made, exceptionally, if the experience and qualifications of the successful applicant warrant this. Salary:

Lecturer Grade A £3.260 - £14.500

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Anyone seeking further details is invited to contact Professor S T Baylies (bil. 0225 828111).

Further written particulars and application forms are available from the Personnel Officer, University of Bath, Bath BA2 7AY, quoting reference 88/233.

Closing date for applications: 11th November 1988

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INTERNATIONAL APPOINTMENTS

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A leading Kuwaiti Commercial Bank is seeking to appoint Arabic-speaking Chartered Accountants/CPA for its Head Office in Kuwait.

Fresh Graduates and experienced candidates between the age of 25-40 years are invited to apply.

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CHARTERED ACCOUNTANTS/CPA P.O. BOX 26238, SAFAT 13123 - SAFAT - KUWAIT

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Slough Salary c.£30,000 + car + benefits

Our Client, Clarke Hooper plc is one of the largest companies within the marketing services industry in the UK. Since going public, two years ago, they have shown true commitment to their long term business strategy and acquired various related companies in North America and Europe, in addition to showing substantial profit increases with every subsequent year. They have ambitious plans for further expansion overseas and have identified the crucial need for a Financial Analyst to assist with the company's anticipated growth and development.

Reporting directly to the Group Financial Director, the successful candidate will have responsibility for providing detailed investigative reports with regards to future acquisitions and statistical analysis reports on the internal performance of the Group as a whole. Excellent future prospects exist for committed and ambitious candidates Ideally, candidates will be aged between 26-33, and be graduates with either an

accountancy or banking/management qualification of equivalent status, combined with at least three years practical experience in an acquisitive or corporate finance environment. Good communication skills and an entrepreneurial approach are essential attributes for this challenging and diverse role. Interested candidates who meet these criteria should send a full curriculum vitae including current salary and a day time telephone number, to Carol Jardine, quoting reference LM098, to Spicers Executive Selection, 13 Bruton Street, London W1X7AH.



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£30,000 + CAR

THE RETAIL DIVISION of one of Unitain's ciest sur THE RETAIL DIVISION of one of unions's man successor and aggressive performers is the current focus of the group's expansion plans. To maintain their pre-embence they are committed in their efforts to recruit and retain stanagement personnel of the highest colline. To complement the Group Function they have a requirement for an accountant with strategic flair and an ability to greep detail. Based in Head Office the position will involve review and control of the accounting function for a major division. As a member of the magement team, time will be spent on project and nent work in addition to line responsibility for a large set. Provious exposure to an international trading sent would be a definite advantage.

This position is not for the faint-hearted but offers, for the right this potential to the real real real and contains the ment conditions, a potential route to sector management in an organization with motor ambilious for the 1990s. Their requisit for an individual with a maximum of 3-5 years' post-qua Please contact Gordon Montgomery, Telephone 01-629 8863, Fast 01-408 0961 or write to him at the address below.



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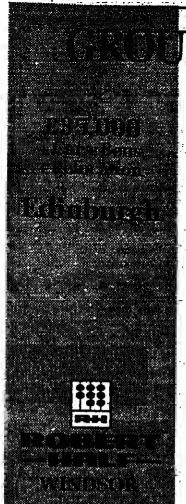
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Our Client is a major British plc in the retail sector. Through a policy of innovation, sound business techniques and value for money, the Group has emerged as a major force in its market.

The Group now requires a Financial Controller, to play a key strategic role in the development and management of a recently acquired business Group based in Edinburgh.

Working closely with the Managing Director, you will be responsible for the management and motivation of the Finance and DP departments. In order to sustain the high standards and levels of success already achieved, you will be required to review current reporting procedures and recommend improvements and changes where necessary.

Candidates should be fully qualified Accountants aged 30-40. Assertive and self motivated, you should be able to demonstrate a proven track record in business and finance. In addition you will require strong analytical skills as wall as the ability to

Please apply directly to Margaret Hendry at Robert Half, Freepost, Mountbatten House, Victoria Street, Widsor, Berks SLA 1YY. Telephone 0753 857181, or evenings on 0753 860673. Fax: 0753 860696.

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This opportunity to join an expanding, medium sized public group, based at its inter-

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Responsibilities include the coordination/

interpretation of regular management

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Group, liaison with overseas subsidiaries on

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matters, the maintenance of effective

measures of product profitability for each of

the businesses and the upgrading of reporting

procedures and management information

systems. Other ad hoc duties will include

major project appraisals, acquisition studies

The Group, with a turnover approaching

£200m, is a leading international force in

advanced technology products. Intensive research and development coupled with

vigorous management policies are designed to

Applicants for the post should write briefly

enclosing a CV or telephone for a personal

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We have sevaral career opportunities for graduate ACA's with experience gained from within a top 8 firm, of the above sectors, for the following vacancies:

- 1. If you are aged c30 years and have several years European or US Corporate Tax experience a major bank has a superb vacancy in their advisory services division. £60,000 package,
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in the first instance, please contact David Paton, Ecarative Search Division, Hyses Assolutes Ltd., batemational Business Centre, Wells Home, 77-79, Wells Steet, Landon W.J. Tel: 01-580-5522

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77-79, Walle Street, Lending, W.J.
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Controller, PCMA, FCCA, Germent, 55 yrs, long-term experience UK/US Corp., 24 years UK, bi-lingual English/German, working French, sooks post anywhere UK, or Continent.

Finance Director

South Bucks

circa £40,000 + car

Our client is the European Headquarters of a US public company that manufactures, Our chent is the European Headquarters of a US public company that manufactures, markets and services high technology equipment. The UK operation, t/o c235M, has a high profile within the group overall as it manufactures approximately 50% of the Corporation's products of which 80% is exported worldwide. Both the product range and castomer hase are wide-ranging, the latter including major blue chip companies.

A Finance Director is now awards who will

A Finance Director is now sought who will report directly to the Managing Director and be an active participant in the Company's senior management team. The role will manage and co-ordinate all financial matters of the business both internally and externally as well as playing a key part in the planning and running of the business.

Candidates will be aged mid to late thirties and will be graduate chartered accountants. They will have hands on experience of manufacturing and product costing, preferably achieved within an engineering environment. They will also have good

commercial experience of UK and European accounting and tax practices, ideally in a US subsidiary. Initiative and drive are essential, in addition to the necessary interpersonal skills to work closely with all levels of management and financial institutions.

Please telephone or write enclosing full curriculum vitae quoting ref. 233

Philip Cartwright FCMA, 97 Jermyn Street, London SW1Y 6JE Tel: 01-639 4572 Fax: 01-925 2386

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NAL EXPLORATION AND PRODUC-TION COMPANY, to be based at modern offices at Hammersmith, will be formed to serve all upstream operations outside North America. As well as Europe these will include SUN subsidiaries in Africa, South America and the Far East.

The consequent staff build-up in London will include a significant increase in the size and scope of our Finance group, where excellent op-portunities will become available for high-calibre Accountants and Finance Managers. Immediate opportunities exist at management level for the following:

* Corporate Accounting Manager - with responsibility for control of the monthly financial reports, input to quarterly and annual reporting packages, management of the international service company functions and development of a team of six staff.

* Joint Venture Accounting Manager - to manage the accounting for SUN'S interests the same of the sa

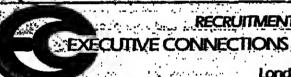
both operated and non-operated, in oil and gas joint ventures, participate in the negotiation of joint venture agreements and provide direction to a staff of five.

★ <u>Ioint Venture Audit and Compliance Specialist</u> – to manage and contribute to all SUN non-operated joint venture audits, develop and maintain policies and procedures, input technical advice and propo-sals to SUN'S senior management and under-take special project work (including training development programmes).

Applications are invited from ambitious professionals with a background in oil exploration and production or similar multinational company environments. Renuncration and salary packages are excellent and will include company car, pension scheme, life assurance, BUPA and other large company benefits. Relocation assistance will be considered.

To find out more about these challenging opportunities, we ask you to contact (by telephone or by letter and curriculum vitae) our retained consultant rard Davies, Executive Division,

Michael Page Finance, 39-41 Parker Street, London WC2B 5LH. Tel. 01-831 2000 and 01-367 6412 (evenings and weekends). Full confidentiality is guaranteed.



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INVESTIGATIONS ACCOUNTANT

c£25,000 Package + Car

This outstanding career opportunity is with a major autonomous subsidiary of a leading UK public quoted group. The company has a turnover of around £180m from its principal activity of wholesale distribution through an eighty branch network. Reporting to the Finance Director this senior management position holds responsibility for a wide variety

of finance related tasks including: Analytical review of operations to identify opportunities for increasing return on sales and return

★ Initiating and monitoring plans to improve Branch profitability and potential.
★ Evaluation and investigation of potential acquisitions.
★ Preparation of capital applications for major projects.

Candidates should be qualified accountants (ACMA/ACCA/ACA) with an above average commercial aptitude who can demonstrate the ability to operate proactively and think strategically in a fast moving environment. Equally important are strong communication skills as there will be considerable liaison with operational personnel both at Board and Branch level.

In addition to an excellent remuneration package, which includes a profit related bonus, relocation expenses will be met in appropriate circumstances.

Local intervies will be held both in Avon, and elsewhere in the UK as appropriate but in the first instance please telephone Alyn Pearce ACA on (0742) 754015 or write to him at our Sheffield office quoting Ref: 888/293FT.

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You might be a qualified Accountant with ten years experience, or just starting out in the Accountancy world.

Whatever your background, you can be assured of a warm welcome at our **Xpert Accountancy Roadshow.**

> along and talk to the people who specialise in the Accountancy business, and discuss your career expectations.

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XPERT ACCOUNTANCY 201 VICTORIA STREET LONDON

Finance Director

£27K + Car South Midlands

The construction division of a large and successful holding company wishes to recruit a Finance Director following internal diverse operations promotion. The business has expanded rapidly in recent years and the division currently has

Reporting to the division's Managing Director and as a member of the Board, the role is critical to the successful and continuing expansion of the operation. The job is a wide ranging one, with involvement in monitoring the financial performance of subsidiary units through to developing business strategies.

a turnover of £65m with 600

Specific responsibilities will include: * monitoring the financial performance of a number of

* managing a property company * vetting development appraisals *assessing risk capital require-

ments for new ventures * liaison with financial and legal institutions

* developing management information systems ideally aged 30-45, you should be a qualified accountant with a background in the construction

industry and a high level of

Success is relative. What satisfies one business, may simply what the appetite of another. Where some entrepreneurs become happy with their lot, others are far from content.

in this context of ambition and commitment this prestigious client's search for expansion can be fully

appreciated. For having established UK dominance in a thriving retail sector, their reaction has been refreshingly positive - to turn to Europe. New markets calling for new ideas and new faces.

commercial awareness. Your ability

to liaise directly with a wide range of people will be a key element in achieving success. Experience of multi-site operations and the flexibility to focus on detailed financial issues as well as working on strategic developments are also important requirements.

Send a full CV detailing your current salary and quoting reference number MCS/8835 to Steve Redwood **Executive Selection Division** Price Waterhouse **Management Consultants** Livery House 169 Edmund Street Birmingham B3 2JB

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WEDNESDAY **26TH OCTOBER**

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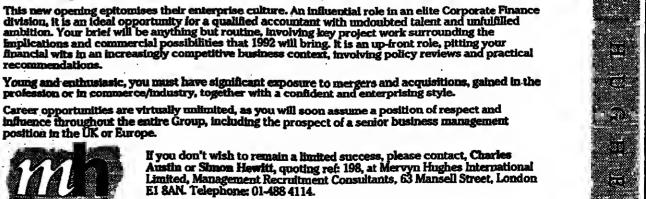
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Career opportunities are virtually unlimited, as you will soon assume a position of respect and influence throughout the entire Group, including the prospect of a senior business management position in the UK or Europe. If you don't wish to remain a limited success, please contact, Charles Austin or Simon Hewitt, quoting ref: 198, at Mervyn Hughes International Limited, Management Recruitment Consultants, 63 Mansell Street, London



Financial Controller

West End

£28,000 - £30,000 + Car

Our client is regarded as one of the most rapidly expanding financial and marketing consultancy groups in London and throughout the South East. As a direct result of development and achievements to date coupled with ambitious plans for the future this new appointment of Financial Controller is to be made to assist with and participate in the next expansion phase of the business.

The new appointee will report directly to the main board and responsibilities will include all aspects of financial and management reporting, budgeting, forecasting and the use of computerised accounting systems. Administrative functioning systems administrative functions will also be covered and it is therefore vital that a commercial attitude therefore vital that a commercial attitude is brought to the role to assist in such matters as the set up of new offices both in the UK

Candidates, aged 28-32, should be qualified accountants who have had ideally both large corporate experience and a practical approach in a smaller environment. Enthusiasm, an ability to take initiative and an ambition to be part of a small, fast growth management

Please telephone or write enclosing full corriculum vitae quoting ref: 234 to Philip Cartwright FCMA, 97 Jermyn Street, London SW1Y 6JE Tel: 01-839 4572 Fax: 01-925 2336

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Director of Finance

HERTS, c.\$32,500 + CAR

This is a high profile appointment within a key division of an expanding and successful services company operating in the high technology makelplace. Current turnover is around \$10m and the future business strategy includes expansion within the UK and into Europe over the next three years. There is now o requirement to strengthen the first line management team with an enthusiastic and astate Director of

As an executive member of the Divisional Board, reporting to the General Manager, you will play a leading role in the overall direction and management of the business. A key

initial objective will be to strengthen the finance team to provide firmely and accurate financial and management information and support the ongoing development of the business. You will be expected to make a major input to the implementation of a new II strategy ocross the division and play an active port in future occuristions. A qualified accountant in your easty

30's, you must have broad based financial and management accounting skills and previous experience of senior line financial management of divisional or corporate level within the product services sector. Experience of implementing computerised financial and business control systems would be of particular interest. A strong business awareness and the ability to determine commercial priorities will be the key to success in this role.

ANALY STATE

Résumés please, including a. daylime telephone number and current ternuneration package to Ann. Shepherd, Ref. AS987, Coopers & Lybrand Executive Resourcing Limited, Shelley House, 3 Noble Street, Landon

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UK Merchant Bankers

Graduate ACAs/lawyers Aged 24-28

Salary c.£26,000 Car Mortgage Profit share Prospects limited only by ability

Intellect, commitment and potential are the essential prerequisites sought by my well respected clients in their search for TWO outstanding executives.

Working in one of the most vigorous operations in the City, you will be capable of overcoming a steep learning curve and participating fully in a diverse range of assignments. These embrace financial advisory, capital raising, corporate reconstruction, management buyout and merger/acquisition roles. Whilst acting for a wide cross-section of large companies and groups, with an increasing emphasis upon cross border work, the department also has considerable numbers of small company clients seeking public company status.

The bank is a City leader and enjoys a global reputation for outstanding service and applied expertise. It is in turn part of a diversified, international financial services group which employs around 7,000 people worldwide.

If you are interested in this exceptional opportunity, please write briefly enclosing a CV or telephone for a personal history form, quoting ref. 5150, to Nicola Woolf, Consultant - Banking/Finance Division-



43 Eagle Street London WC1R 4AP Tel: 01-242 8103

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A newly or nearly qualified accountant, you will form part of a small team responsible for the accounting, secretarial and administration functions for the Schemes' subsidiary companies, including tax planning. In addition you would also be involved in monitoring Company's compliance with the IMRO rules. Experience of working in an investment environment and using personal computer systems would be desirable but is not essential. You must be capable of quickly assimilating complex situations and of working to deadlines under

Attractive terms and conditions of service include a negotiable salary, depending on age and experience, plus 29 days' holiday entitlement and a home to office travel allowance.

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strate significant career progress to date.

Blenheim Exhibitions Group PLC has rapidly established itself as the leading independent exhibition organiser in both the UK and Europe. This period of exceptional growth has been achieved through an aggressive acquisition strategy coupled with strong organic growth and is largely attributable to the group's young, high-calibre and forwardlooking management team.

As a result of this expansion, the group is looking for a dynamic and energetic Group Financial Controller who will also become a key member of the UK board.

Reporting to the Group Finance Director, you will be directly responsible for group reporting, financial planning, treasury manage ment and financial control throughout

the group. Ideally you will be aged 28 to 35, a graduate chartered accountant with multinational reporting experience, possess sound commercial judgement and be able to demon-

This new role will appeal to candidates who want to work for a fast moving group, in a close-knit busy environment, where a "handson approach" is essential. It offers a significant opportunity for the ideal candidate to play a key role in the group's future development.

Please apply with a full cv to: Helen Long, Blenheim Exhibitions Group PLC, Blenheim House, 137 Blenheim Crescent, London W11 2EO.

DIVISIONAL FINANCIAL CONTROLLER 240-45,000 + MORTGAGE AND CAR

client is a leading international merchant bank. Your brief include the management of the financial control function and will include the management of the financial control function and the provision of strategic financial and corporate financial advice relating to acquisitions and disposals. You should be graduate ACA, aged 32-40, with demonstrable management skills obtained within an international commercial or professional accountancy

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The company is one of the largest providers of long term equity
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with substantial experience gained within the Cosporate Financial
or Investigations Division of 2 major firm of Accomments.

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CORPORATE FINANCE EXECUTIVE
227 to £30,000 + MORTGAGE AND CAR
Your role will be totally project based, involving all aspects of
client negotiations and advice, money raising, mergers, acquisitions
and Stock Exchange listings both full and USM, with future
secondment to New York, Paris or Hong Kong. You should be
qualified ACA, two years PQE up to Manager level, ideally with
corporate finance or investigations exposure.

RETAIL - DEPUTY FINANCIAL CONTROLLER
CENTRAL LONDON £25,000 + An opportunity to contribute to the business management and profitability of one of the most prestigious UK groups. You will oversee the entire financial management information function, introduce new controls and review both product and corporate profit levels. You should possess experience of financial analysis, MIS developments and staff supervision and be recessly qualified.

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CENTRAL LONDON

A newly created role reporting directly to the FD and with a strong project and assignment bias. Corporate performance reporting, financial and business analysis and ad hoc investigative tasks are included in the brief. You should possess a solid "hands on" approach and can expect promotion to subsidiary company in

For further information, please telephone 61-242 0344/0509 (outside office hours 0293 884917) or write, exclosing CV, to the address below.

Telephone: 01-242 0344 Halbarn WCIV 6LIS.

DAVID CHORLEY ASSOCIATES

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£26,000 + Car + Bonus Westminster Health Care Limited, a well established and rapidly growing subsidiary of a Fortune 200 Group, is recruiting for a financial controller.

Westminster Health Care has quickly become a major force in the Health care industry, operating a significant number of nursing and residential homes. We are continuing an aggressive expansion programme to develop and operate state-of-the-art homes throughout the UK, & Europe. As an essential member of a small central management team, yon will report directly to the Chief Financial Officer and be responsible for all aspects of accounting and MIS.

We require an experienced qualified accountant with exposure to small computer systems, preferably in a LAN environment. The position requires a hands on take charge individual with good organisation, communication, and management skills.

With a substantial annual growth rate, the opportunity for caree advancement is considerable.

For immediate consideration please write with full career details to: Chief Financial Officer Westminster Health Care Limited Panton House, 25 Haymarket, London SWIY 4EN

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accounting experience and be prepared to tacke the more technical aspects of systems accounting.

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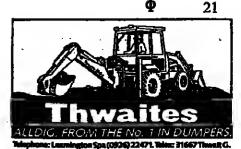
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PUBLICIS INTERNATIONAL **



Thursday October 20 1988



INSIDE

Ramifications for Australian wool



Wool has regained the honour of being Australla's leading export, partly due to the introduction of new steep breeding techniques. But the growing export of genetically superior Austra-lian rams comes amid charges that the country's hard won competitive edge is being squandered for a few million dollars. Chris Sherwell looks at the debate that has ramifications for the world's wool industry. Page 40

Engineering a good bet ...

Heavy engineering and shipbuilding shares have proved the best performing equities in the world this year, soaring 93 per cent in sterling terms. If you had bought these stocks in Japan, you could have seen a jump of 108 per cent over the nine months, despite the fact that the Tokyo market ran out of steam after its impressive first everting sections. impressive first-quarter performance. Patrick Harverson reviews the best bets in world stock markets this year. Page 44

Bond AGM reveals A\$7bn debt



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The AGM of Bond Corporation, broadcast by _ satellite yesterday to Sydney, Melbourne and Brisbane showed that Mr Alan Bond'e (left) flagship, and now one of Australia's largest companies, had debts of more than A\$7bn (US\$5.7bn), Asset sales by the year-end would significantly reduce" the debt but new acqui-

sitions were not ruled out. To this end, Mr Bond confirmed the purchase of the 800-room St Moritz hotel at the southern end of Central Park in Manhattan, Chris Sherwell reports.

Latin American crisis study

The Latin American debt crisis of the 1980s has many parallele with that of half a century earlier. But there are also significant differences — the most important being the contrast in lenders to the potentially defaulting debtors. A new study suggests, however, that many of our views of both periods should be revised Stephen Fidler examines the report's arguments and conclusions. Page 27

Hawker boosts profits 10%

Hawker Siddeley, the UK electrical and mechanical engineering group, boosted interim pre-tax profits over 10 per cent to £80.6m (\$140m). A lower Australian tax rate pushed this into a near-15 per cent rise in earnings and Sir Peter Bexendell, chairman, said order book levels showed an "encouraging upward trend", even stripping out some "lumpy" con-tracts such as this summer's £120m three-year order for British Rall locomotives. Page 28

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Chief price changes yesterday

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Miscrimits HTex 245 + 7
Met West 560 + 11
Pulest Maximus 407 + 9
Reckitt Column 960 + 25
Royal Fik. Scat 365 + 8
Siele 385 + 7
Litt. Biscuits 367³2 + 21³2
Maximus 681 + 13

Olayan sees greater role in First Boston

MR Suliman Clayan, the billionaire Saudi financier who is playing a key interim role in the restructuring of First Boston, the US investment bank, may end up with a more long-term

The Olayan Group is supplying \$00m in bridge financing for the \$1.1bn merger of First Boston with its European affiliate, Credit Suisse First Boston to form CS First Boston. In return it will hold a 30.5 per cent stake in the new entity while permanent investors are found, probably in

Japan.
But yesterday Mr Olayan said:
"After the desired investors are
located to take the biggest portion of the 30 per cent, we are expected to keep some of the equity as a permanent investor." This could be 6 to 6 per cent of

the new company. Credit Suisse, the Swiss bank, said it would take a majority

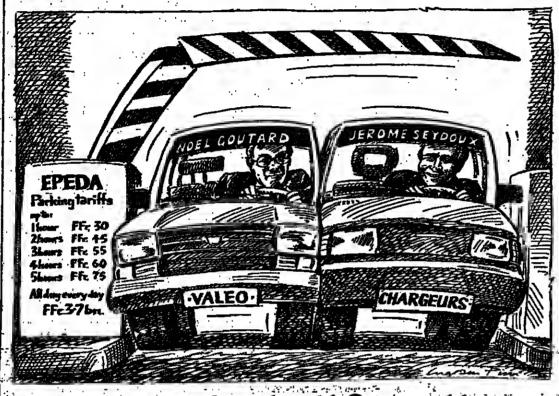
stake in New York-based CS First Boston if changes in US bank leg-islation make it possible. The right to acquire a majority shareholding had been secured with other shareholders in the the executive board of Credit Suisse, said yesterday that, while Credit Suisse would take a major-ity stake in the event of changes in US legislation, it also wanted powerful partners to ensure the deal negotiated earlier this month with the board of First success of what he described as a unique vehicle for investment nking in the 1990s.

At present, because of the restrictions imposed by the US Glass Steagall Act, which separates commercial from investment banking, Credit Suisse Mr Hans-Joerg Rudloff, who will run the London end of the operation, would act as a vital connecting link between the finance and investment banking areas in Credit Suisse and Finan-cière Credit Suisse First Boston, Holding owns only 44.5 per cent of CS First Boston. But pressure has been mount-ing in the US to abrogate the Glass Steagall Act, whose strict Mr Jeker said. Mr Rudloff is both chief execu-

tive of CSFB and a member of the Credit Suisse executive board.

Mr Olayan said that no bank
has yet been selected to provide
the funds for the bridging loans,
but said obtaining the financing distinction between types of banking bueiness has been crumbling in recent The management of CS First Boston owns 25 per cent of the New York holding company. Mr Robert Jeker, president of

would be easy.
"This is a bankable package," the 69-year-old businessman said.



Lane switch lifts all detensive barriers

Paul Betts explains how yesterday's bid for Epeda is indicative of new financial forces at play in France

MR EDCUARD Balladur, the former right wing finance minister of France, liked to say in his sententious manner that there were no friendships in business. This was certainly the feeling yesterday at Epeda-Bertrand Faure, the diversified French car

seat manufacturer. It was left high and dry when its prospective "white knight" rescuer from a hostile takeover joined forces with the predator, and with Epeda's own bankers and its main institutional share-

The dramatic turn of events, however, points up far more than the fact that capitalists are red in tooth and claw. The Epeda battle is a classic illustration of the powerful new financial forces and business attitudes — domestic and foreign — which are reshaping both the face of French industry and companies' relations with their shareholders.

Mr Pierre Richier, Epeda's Mr Pierre Richier, Epeda's chairman, had been struggling during the past few days to build up his company'e defences against a FFr23bn (\$378m) hostile bid by Valeo, the leading French care components group which came under the management control of Mr Carlo de Benedetti, the Italian businessman, two years ago.

Benedetti, the Italian businessman, two years ago.

With the help of Banque Worms, the banking subsidiary of one of his main shareholders, the state-owned UAP insurance group, he was hoping to engineer a complex management buy-out backed by Chargeurs, the industrial holding company headed by Mr Jerome Seydoux.

With everybody expecting

With everybody expecting Chargeurs, which has a FFrebricash hoard, to emerge as Epeda's saviour, Mr Seydoux yesterday sprung a major surprise by amouncing a joint Valeo-Char-geurs FFr3.7bn cash bld. Epeda was left with little option but to

was left with little option but to accept the offer.

The lessons of the affair are essentially two-fold. First, financial deregulation in France and the need for companies to compete in increasingly global markets is provoking a major clash between traditional French industrial values and a new aggressive financial culture which is bringing Paris rapidly in line with Wall Street or Lendon. Until recently, the hostile take-Until recently, the hostile take-

over was virtually non existent in France. The only big exception was the unsuccessful bid 20 years ago launched by Mr Antoine Riboud, the head of the BSN food group, for control of Saint-Gobain, the glass manufacturer.

Almost without exception and was exactly the sort to attract corporate predators. Their relative losse capital structure

acquisitions were friendly and foreign buyers were kept at arms length by the finance ministry's formidable protective machinery against unwelcome external bids for French companies.

companies.

But these barriers have been coming down with the increasingly open-market approach of the French authorities and the consequent hid opportunities in France for other European countries.

tries.
The Italians, in a sense, were the first to take advantage of the new climate. Indeed, it was Mr de Benedetti who helped set the ball rolling when he bid for Vales two years ago, just as the right-wing government of Mr Jacques Chirac was taking over. Despite an effort by Mr Balladur to block the Italian businessman'e bid, an acceptable compromise was finally reached giving Mr de Benedetti management control of the comprow and a 20 per cent stake.

pany and a 20 per cent stake.

During the last two years, hostile bids have been multiplying, both from foreign companies and an increasing number of aggressive domestic dealmakers.

The exceed lesses is the The second lesson is the strains this is imposing on the traditional cosy relations between French companies and

their institutional shareholders and bankers, which have been playing an increasing role as cat-alysts for bids. As one banker said: "The gap is growing between the traditional industrialist and the big financial play-

Expedit is a classic case. The company prided itself on its independence, its nuts-and-bolts industrial approach of specialising in a restricted number of specialised market niches including car seats, bedding and luggage, and its steady growth and profitability.

and its steady growth and promability.

It also typified the virtues and weaknesses of traditional French industry: serious, unflashy, rather provincial in its values, technically inventive, maintaining close relations with its big industrial customers, paternalistic with its employees, and little

relative loose capital structure made them all the more promising targets. Epeda woke up to the threat last year and, fearing a foreign bid, acquired control of Luchaire, a car components manufacturer with activities in the defence sector.

Since any foreign bid would have had to be referred to the French authorities for defence clearance, it believed it was safe. In the event, the predator turned out to be French: Mr Noel Goutard, Valeo's tough chairman, has successfully restructured his company and launched the bid with the aim of giving it the necessary international dimension to compete against other leaders in the field like Bosch, Nippon Densu, General Motors, and Magneti-Marelli. clearance, it believed it was safe.

Now Mr Seydoux, who has tex-tile interests akin to those of Epeda, has also gained a say in the company's future. In many respects, he is typical of the new generation of French businessman, heading an industrial hold-ing company prepared to launch hostile bids.

One of the heirs of the French Schlumberger fortune, he has been quick to move in and out of different fields as circumstances change. He recently shed his shipping business, which was the origin of his Chargeurs holding company, and has threatened to sell UTA, the independent airline 80 per cent owned by Chargeurs, unless the Government allows UTA to expand in Europe and North America.

This year he also sold his Spontex subsidiary to 3M of the US. In addition, he has invested heavily in television broadcasting.

The emergence of the new predators has made many of the large French groups feel vulnera-ble to bids and they have been scrambling to find sizeable, friendly shareholders.

But as France undergoes a major reshaping of its industrial and financial landscape, companies like Epeda are bound, ultimately, to be swallowed up.

Abbey Life 'to link with Lloyds'

By David Barchard In London

ARBEY Life Assurance, the second largest unit-linked British life company, is today expected to announce a tie-up worth up to £500m with Lloyds, the smallest of the big four clearing banks.

Dealing in Abbey Life shares was suspended when the Lon-don stock exchange opened

yesterday morning, but throughout the day neither Abbey Life nor Lloyds would confirm that a deal was imminent. However staff at Abbey Life's Bournemouth headquarters said an announcement would be made today. The package is widely expec-ted to involve the transfer of

Lloyds' financial services sub-sidiaries either directly to Abbey Life or to a joint venture in return for payment either in cash or shares in the either in cash or shares in the assurance company. City analysts yesterday put the likely value of the deal between £300m and £500m. Suggestions that Abbey Life would pay Lloyds np to £900m for the deal were being discounted.

The form and the amount of Abbey Life's payment depends on which of its financial services subsidiaries Lloyds sells, and whether or not they are sold outright.

A link between the two

A link between the two would probably give Abbey Life access to Lloyds' customer base, enabling it to follow the TSB's in using referrals from bank branch managers to gen-

erate life assurance business. Lloyds is most likely to con-tribute Black Horse Agencies, its 15-year-old estate agency operation. Black Horse agen-cies made £8m in the first half of the year. It has about 500 branches and these could fetch over £300,000 each at current market prices, Abbey Life would be able to use them Another likely candidate for

sale is Lloyds' unit trust business. The bank has £650m under management and could under management and could expect to get about £30m. Lloyds Bank Insurance Ser-vices, its general insurance business, and Black Horse Life, its assurance business, may also be included, though Lloyds' life assurance activithe bank may be less eager to part with them.

Lloyds could use the cash

from the deal to finance expansion of its lucrative domestic retail banking business without following its rivals, Midland and Barclays, both of which had rights issues in the last year.

Dutch state stake in Fokker group to rise to 40%

THE DUTCH Government is to raise its stake in Fokker, the Dutch aerospace group, to 30-40 per cent in defiance of the air-craft maker's wishes to avoid greater state involvement and increase private ownership. The Government said yesterday that it would increase its present 15 per cent stake through a three-for-two rights issue that will raise a total of FI 320m (\$157m) in new country. The issue will be raise a total of Fl 320m (\$157m) in new equity. The issue will be held before the end of this year and is part of a financial balout plan in which The Hague injected Fl 212m in fresh capital last year. Schroders, the UK merchant bank, had offered to take up to Fl 300m in new equity or debt in Fokker on condition that state ownership was limited to the current 15 per cent

rent 15 per cent. Schroders' offer was seen by some market players as a move on behalf of a company seeking to merge with Fokker, although not necessarily Messerschmidt-Boelkow-Blochm (MBB) of West Germany, with whom Fokker already has a collaborative pact.

It remains to be seen whether Schroders participates in the issue anyway by buying just the rights. Under Dutch practice the rights usually trade before the close of subscriptions, which are open only to existing sharehold-

The issue price was set at Fl 20 a share under terms of the bailout and began depressing Fokker's share price yesterday, pushing it down 6 per cent to Fl 28.40.

Fokker makes short to medium-haul aircraft and is now recovering from heavy losses due to production delays in its 50-seat Fokker 50 propfan and 100-seat Fokker 100 twinjet.

After losing Fl 107m in 1987, it was rescued with a Fl 645m package whereby The Hague took its initial stake and also converted Government credits into subordi-

Government credits into subordi-

nated convertible debt. Fokker fears some dilution from the issue, which will more than double the number of shares outstanding to nearly 27m from almost 11m. For 1988 the com-pany has simply forecast "posi-tive results" after swinging back into the black in the first half of this year.

The issue will also strengthen the balance sheet, however, nearly doubling share capital to Fl 750m and slightly reducing subordinated debt. The state will exercise Fl 180m in convertible subordinated debt, which was extended under the rescue, to enlarge its stake.

Nobel restructures to increase capital base

By Sara Webb in Stockholm MR ERIK PENSER, the Swedish financier who controls Nobel Industries, the armament and chemicals group, and the two investment companies Asken and Carnegie, revealed plans yesterday to reorganise his empire and concentrate on building its industrial interests.

trial interests.

In a deal valued at SKr10bn (\$1.6bn), Nobel Industries is bidding for 100 per cent of both Asken and Carnegie. Part of the bid will be financed by a SKr2bn share issue directed at sharehold-ers in Asken and Carnegie. Mr Penser will as a result increase his holding in Nobel Industries, via his holding company Yggdrasil, from about 43 per cent to

Mr Anders Carlberg, chief exec-utive of Nobel Industries, said the deal was motivated by Nobel Industries' need to increase its capital base and expand in the

and real estate belonging to Carnegie and Asken, and use part to finance strategic acquisitions in the next few years.
Nobel Industries has made sev

eral acquisitions in the past year and had a turnover of SKr13.92bn and profits of SKr622m in 1987. However, it has recognised the need to move away from it core defence business.

In recent months Mr Penser has shuffled part of his empire, selling substantial parts of Carnegie which at present consists of a cash pile, real estate and share portfolios.

In May, Carnegie sold its brokerage operations to Pkbanken, the state-controlled bank, for SKr2.7bn causing a political

storm in Sweden. Nobel Industries yesterday reported an increase in profits for the first eight months, from SKr305m to SKr510m. Full-year consumer goods, adhesives and paints, and pulp and paper chemicals business areas.

He said the company would keep some of the shareholdings in the company would the company

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Republic of Portugal

Placing of a further issue of £100,000,000

9 per cent. Loan Stock 2016

to form a single series with the existing issue of £50,000,000 9 per cent. Loan Stock 2016 (the "Existing Stock") at an issue price of £89.783 per cent., inclusive of accrued interest from 20th May, 1988, payable in full on acceptance

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Particulars in relation to the New Stock are available in the statistical services of Extel Financial Limited. Copies of the Particulars may be obtained during normal business hours on any weekday, Saturdays and public holidays excepted, up to and including 22nd October, 1988 from the Company Announcements Office of The Stock Exchange and up to and including 3rd November, 1988 from :—

S. G. Warburg Securities, 1 Finsbury Avenue, London EC2M 2PA

Bank of England, Registrar's Department, New Change, London EC4M 9AA.

All of these Securities have been sold. This announcement appears as a matter of record only.

\$86,250,000

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20th October, 1988

FINANCIAL WEEKLY

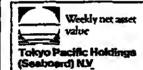
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Saab makes strong recovery

SAAB-SCANIA, the Swedish automotive group, has made a strong recovery in its profits during the second four months of this year after suffering a 36 per cent decline in the first four months because of a damaging three-week national

Profits after financial items for the eight months ending in August totalled SKr1.98bn (\$381m) compared with

of last year. Consolidated sales totalled SKr27.62bn for the first eight months of the year compared with SKr25.83bn for the same period of 1987, an increase of 7

Huhtamaki

modest rise

By Olli Virtanen in Helsinki

HUHTAMAKI, the Finnish

food, drugs and packaging group, saw its net sales climb by 19 per cent to FM3.437m

(\$780m) during the first eight

months of 1988 while profit

before appropriations and taxes increased by only 4.4 per

The modest increase in profit is attributed to higher financ-ing and other costs related to

acquisitions, which included Lilypak, the Australian pack-

aging group. Foreign exchange losses and increased deprecia-

tions also weakened the result. Operating profit grew by 20 per cent to FM382m. Earnings per share sank from FM5.90 in

January-August 1987 to FM5.45

during the same period this

The confectionery division.

which accounts for 56 per cent

of the group net sales, grew by

14 per cent during the period.

The packaging division grew by 113 per cent to FM663m while the drugs business

increased its net sales by 15 per cent to FM891m.

Chicago-based confectionery

division, had acquired Holly-

wood Brands.

Huhtamaki said Leaf Inc, the

shows

cent to FM149m.

per cent. Mr George Karnsund, chief

is enjoying success in sales of the Saab 340 regional com-muter structs."

8,580 cars were lost in production because of the industrial

The company admitted that it was unable to produce enough trucks and buses to meet demand, mainly because of a shortage of workers at its.
Swedish plants. As a result,
production has had to be
stepped up in Saab-Scania's
Holland, Brazil and Argentina operations.

The order book for trucks rose by 21 per cent over the first eight months of 1988, up from SKr11.9hn to SKr14.45bn. Sales in the car division amounted to SKr10.43bn com-

first eight months of last year but there was a fall from 84,100 cars sold to 76,100, mainly because of the strike but also due to the low value of the dollar for sales in the Ameri-

can market.

There was also a slight fall in the sales figures in the com-pany's aircraft division over the first eight months down from SKr2.92bn to SKr2.42bn.

But Saab-Scania also announced that during the second four-month period of 1968, it has received orders for 28 Seab 340 aircraft in addition to a number of options.

Global will be chaired by Mr Alsn Kennedy, a former chair-man of Cunard, the shipping

division of Trafalgar House, the UK construction and prop-

erty group. The executive directors will include Mr Joschim Chao, a member of the Wah. Kwong shipping dynasty of Hong Kong, and Mr Wahles Tarkey or of the

3M stages further solid

growth

By Roderick Orate in New York

MINNESOTA MINING and Manufacturing, the diversified US industrial group, has reported further strong growth in profits and revenues thanks to big sales volumes gains, particularly abroad.

Net profits for the three months ended September rose. 19 per cent to \$290m or \$1.30 a share from \$249m or \$1.09 a year earlier. Sales grew 9 per cent to \$2.690m from \$2.470m.

For the nine months, net profits rose 26 per cent-to \$882m or \$3.88 a share from \$702m or \$3.07. Sales advanced 13 per cent to \$8bn from \$7.06bn

Overall sales unit volume grew by 8 per cent in the latest quarter with international sales rising 12 per cent as 3M increased its market penetration. Its international operations booked more than \$1bn in sales for the third quar-

ter in succession. Domestic unit volume rose 5 per cent with two sectors information and imaging tech-nologies and industrial and electronic products - leading

the way. Mr Allen Jacobson, chair-man, said: "While it appears US economic growth is moderating and inflation is increasing somewhat, we expect our results to continue to benefit from a strong flow of new products, increased penetration of international markets, efforts to improve quality and produc-tivity and the reduction in

income tax rates."
Analysis are expecting SM's rate of profit growth to slow next year because of a more moderate US economic pace and higher raw meterial costs. Moreover, recent strength of the dollar indicates that the company will not benefit from favourable foreign currency translations, in the latest quar-ter, these boosted net profits by \$14m, or 6 cents a share.

A Comment

Francisco program

Murn

Nonetheless, 3M's efficiency and flair for product innovation should keep its profits that of the US economy,

Orkla lifts profits

By Our Financial Staff

ORKLA BORREGAARD, the Norwegian industrial and investment group, lifted eightmonth operating profits after financial (tomo from NKr27m to NKr314m (\$47m), at sales rose from NKr4.5bn to NKr4.8bn.

Operating profits in the industrial business rose 24 per cent to NK255m, with favourable progress in wood processing offset by a weak performance in the media business.

INTERNATIONAL COMPANIES AND FINANCE

By Robert Taylor in Stockholm

white-collar strike.

Skrl.80bn for the same period

executive and president, said: The Scania division is on its way to another record-breaking year. During the autumn, the Saab car division will begin sales of the Saab 900 CD sedan in several major markets, while the Saab aircraft division

Saab-Scama pointed out that its performance over the past four months should be placed against the grim background of the first four months of the year when 1,300 trucks and

Shippers move to buy carriers

By Kevin Brown, Transport Correspondent

GROUP OF shipping to acquire six ships for around entrepreneurs yesterday announced plans to take advantage of recent improvements in the medium-term out-look for the main shipping markets by raising \$70m to finance the acquisition of a fleet of second-hand bulk carri-

In a statement filed with the US Securities and Exchange Commission, the group said it planned to raise the funds through a placement of 41/m shares in Global Ocean Carriers, a new company registered in Liberia.

\$57m. However, the company will operate as an investment vehicle rather than as a shi-DOWNer Global's articles of associa-

pered with SK-10 lbn for the

tion will stipulate that the company will be liquidated after trading for six years, unless a two-thirds majority of shareholders vote to continue in business. The company's shins will be

managed and operated on con-tract by independent companies based in Athens, Potential investors will be offered a high quarterly dividend on tradea-Global, which will be quoted ble shares with the prospect of on the American. Stock a capital gain when the ships exchange in New York, plans are scrapped or resold.

Nicholas Tsakos, son of the chairman of Tsakos Shipping The proposal follows a signif-icant increase in freight rates in the dry bulk market, which has recovered steadily since its low point in mid-1986. How ever, rates are still too low to justify the cost of ordering new ships.

Henkel sees

1988 turnover

By Our Financial Staff

HRNKEL, the West German

applied chemicals concern, said it expects group turnover to rise above DM10bn in 1988

for the first time, from DM9.25bn (\$5.14bn) in 1987. In an interim report detail-

ing the company's performance

in the first nine months of

1988. Henkel said 1988 net prof-

should grow at a stru pace than sales, as in past years, resulting in further improvement in the profit-sales

The profiteales ratio stood at 3.2 per cent in 1967. Healed said profits rose significantly in the first nine months but

gave no details. Group net

in the first nine months of

1988. Heater's group turnover, rose to DM7.71bn from DM6.55bn in the 1987 period, a rise of 11 per cent. Volume sales also rose by 11 per cent.

Half of the rise in nine

month sales was due to acqui-

sitions in 1987. Domestic turn-over rose to DM2.29hn from DM2.21bn in the 1987 period.

profit in 1967 was 292m.

increase in

Credit Suisse forecasts 'decisively better' results

By William Dullforce in Geneva

CREDIT SUISSE will post a fourth quarter, an event higher cashflow and "deci-unlikely to be repeated this sively better" net earnings in year, Mr Jehr said. 1988, Mr Robert Jeker, president of the executive board.

said yesterday. Switzerland's third largest bank, which recently announced the creation together with First Boston of an important new interna-tional investment bank, had a successful first nine mouths, marked by an impressive growth in lending, Mr Jeker

Last year, Credit Suisse reported a net profit of SFr550m (\$360m), down from

With credit demand at a

high level, income from commercial hanking operations will increase this year, offset-ting "significantly lower" commissions from securities busi-

third quarter amounted to SFr113.7bm, a rise of SFr6.5bm since the beginning of the year. The bulk of the increase is attributable to the strengthening of the dollar.

Mr Jeker said profitability SF1566m in 1986, and a cash-flow of SF11.18bm. The 1987 in 1988 and Credit Shisse has result was badly affected by the stock market crash in the towards interbank business. had been a major consideration in 1968 and Credit Suisse had deliberately exercised restraint

GPA flies ahead by 59% in half

By Kleran Cooke in Dublin

GPA, the aircraft leasing group based at Shannon in the Irish Republic, has announced a \$71.8m profit for the first six months of the financial year, up 59 per cent on the same period in 1987.

Mr Tony Ryan, chief execu-tive, says he is confident that full-year profits to the end of March will be well in excess of last year's profits of \$101m. GPA is the world's largest aircraft leasing company and

has a total fleet of 148 aircraft, with a book value of \$2.3bn. GPA is a privately held com-pany with a 10 per cent stake held by Mr Ryan.

Other major shareholders include Air Canada, Mitsubishi Trust and Banking and Pru-dential Insurance Company of

The company is likely to face increasing competition from the newly-formed Aircraft Lease Finance Company.

TO THE HOLDERS OF

EBC AMRO TRADED CURRENCY FUND LIMITED

INCOME SHARES IN CONTINENTAL DEPOSITARY RECEIPT FORM

The Directors of the above fund have declared the following interim dividend per share for the financial period ended 30th September, 1988, payable on 31st October, 1988 in respect of shares in issue on 30th September, 1988:-

Shareholders should send their coupons to Amsterdam Depositary Company N.V., Spuistraat 172, 1012 VT, Amsterdam,

> EBC Trust Company (Jersey) Limited Secretary Dated: 29th October, 1988.

Korea Electric Power Corporation U.S.\$50,000,000

In accordance with the provisions of the above Notes, notice is hereby given that for the 6-month interest period from 17th October 1968 to 17th April 1969, (182 days), the notes will carry an interest. US. \$125,000,000

Momentum Company

Floating Rate Subordinated Capital Notes Due 1997

Interest Period

16th May 1988 16th November 1988

Interest Amount per U.S. \$50,000 Note due 16th November 1988

October 1988



BARCLAYS de ZOETE WEDD GOVERNMENT SECURITIES INC

> We are pleased to announce our firm's appointment as a member of the



STUDENT LOAN MARKETING ASSOCIATION Fiscal Agency Selling Group

U.S. \$2,179.34 Credit Suisse First Boston Limited Agent Bank US Dollars 0,3060 per share against coupon No. 9.



MORGAN STANLEY & CO. October 17, 1988

This announcement appears as a matter of record only

FIME FINANZIARIA MERIDIONALE

US \$ 50,000,000 medium term facility

Funds provided by Istituto Bancario San Paolo di Torino

arranged by **Banque Paribas**

in association with

Algemene Bank Nederland N.V. Cassa di Risparmio delle Provincie Lombarde

Istituto Bancario San Paolo di Torino

inque Paribas

Deutsche Bank Luxembourg Société Bordelaise de Crédit Industriel et Commercia

Floating Rate Notes due 1993

INTERNATIONAL COMPANIES AND FINANCE

Bankers Trust increases third-quarter earnings

BANKERS TRUST, the sixth ties trading were down margin announced a plan to spin of largest US bank, whose earnings in the past year have been dominated by large swings in currency and securities trading profits, made net profits of 62.1m or \$2.01 a share in the

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third quarter.
This was higher in total, but
lower on a per share basis than the \$146.4m or \$2.03 reported in the third quarter last year. The bank noted however, that last year's result was boosted by \$18.8m in one-time tax benefits connected with its special provision for potential Third World form because Feelings. World loan losses. Excitating these benefits, the latest quarter's earnings per share would have been 14 per cent up on e

year ago.

The bank reported particularly big advances of 19 percent in income from corporate finance fees and commissions, as well as a 30 per cent gain in "other" income, primarily due to asset sales and venture capital operations. Its profits from foreign exchange and securi-

5.76 per cent of its total assets, which stood at \$57.9bn at the end of September.

end of September.

First Interstate, the big Los
Angeles-based holding company which last year acquired
Ailied Bancshares in Texas;
reported a net loss of \$214.4m
against e loss of \$78.8m e year
ago. The loss was due to big
provisions for spinning off
\$400m of non-performing assets \$400m of non-performing assets into a specially created liqui-dating pool and the addition of

\$180m in reserves for fore-closed properties in Texas. Without these special items, First Intersate said it would have reported a net profit of \$94.2m or \$1.95 a share in the third quarter. The bank pre-dicted that the fourth quarter's results would reflect an improved operating perfor-

Mellon, the big Pittsburgh-based bank, which has also

ally on last year. Bankers nearly \$1bn worth of troubled Trust's common equity assets into a specially created increased from 4.58 per cent to institution, incurred a loss of \$166m or \$6.27 a share, against a profit of \$16m or 47 cents a year ago. The latest loss included e \$203m restructuring charge.

Mellon's common equity stood at \$858m or 2.78 per cent of total assets at the end of September, but the company has firm contracts in place to raise \$250m of new equity over

the next 10 months.

PNC Financial, another Pittsburgh-based bank, which has been one of the fastest-growing and most profitable of the regional bank groups, made net profits of \$110m or \$1.23 a share, compared with \$97m or \$\$1.11 a year earlier. The year-eerlier results included a one-time capital gain from the sale of a subsidiary and excluding this item. the growth in earnings would have been 15.23 per cent, PNC

> All business segments in all geographic areas had strong performances in what has typi-cally been an off-season quar-Dow said its US sales were 26 per cent higher than in the 1987 third quarter, with a 14 per cent gain in Europe and a 31 per cent rise elswhere, with particular strength in Canada

Record

returns

from Dow

Chemical

DOW CHEMICAL, the largest

producer of bulk chemicals in

the US; maintained its strong momentum throughout the summer with record sales and

earnings in the September

quarter.
The giant Midland, Michi-

gan group, which is enjoying near-perfect conditions in its basic ethylene, styrene, ethyl-ene glycol and caustic soda

businesses, reported net

\$632m or \$3.36 a share, a near doubling of its net profit in the

Sales revenues were up 24 per cent at \$4.15bn.

The latest quarter result's was the sixth consecutive

profit record with gains in all Dow's businesses. Mr Enrique Falla, Dow's financial

vice-president, said: "The quality of our business reached an all-time high in this quarter.

1987 third quarter.

By James Buchan

in New York .

and the Pacific. In basic chemicals, Dow's largest business, the mixture of low oil prices, high product prices and good volume pro-duced sharp increases. Sales in basic plastics were up 50 per cent while consumer specialities, pharmacenticals and industrial specialities were well ahead. The business fundamentals

and momentum are strong, positioning the industry and Dow for a strong fourth-quar-ter performance," Mr Falla said.

At the nine-month stage, Dow has already outstripped profits for the whole of last year. In the first three 1988 quarters, Dow reported earnings of \$1.76bn or \$9.38 a share before special items on sales of \$12.38bn. "Obviously 1988 is a record year for Dow," Mr Falla said.

Shearson reports big fall

By Anatole Kaletsky in New York

SHRARSON LEHMAN Hutton the big Wall Street brokerage firm majority owned by Amerdrop in earnings during the third quarter, continuing a string of disappointing results from US brokers and investment banks.

Shearson made net profits of \$8m or 2 cents a share com-pared with a restated \$54m or 54 cents in the third quarter of 1987. Although the latest results suffered from a \$25m pre-tax charge connected the acquisition of EF Hutton ear-lier this year, they also included certain tax benefits, Shearson said. On a pre-tax basis, Shearson lost \$13m in

the last quarter against a profit of \$81m a year ago. Total revenues in the latest quarter increased by 67 per cent to \$2.62bn. But operating expenses, excluding special merger-related charges, grew 77 per cent to \$2.64bn.

For the first nine months of

1988, pre-tax income was 41 per cent down at \$180m, net profits were 29 per cent lower at \$140m and income per share was 36 per cent down at \$1.38.

Mr Peter Cohen, Shearson's

chairman said the decline in
third quarter results reflected

"a significant decrease in investor participation in the financial markets along with non-recurring merger-related

In the first nine months of the year, investment banking revenues were up 54 per cent, while they showed a gain of only 29 per cent in the latest quarter.

Amax in **\$118m** deal

By Kenneth Gooding, Mining Correspondent

AMAX, the US netural resources group, has paid \$118m for SPG Exploration Corporation of San Antonio, Texas, which has estimated reserves of 130bn cu ft of natural gas and 6.2m barrels of crude oil, condensate and natural gas lightly as well as interral gas liquids, as well as interests in three gas processing plants.

: Amax has been rebuilding its US petroleum business with a strong emphasis on natural gas. The company recently acquired the properties of Kaneb Energy Partners as well as B & N Petroleum. After the latest purchase Amax has interests in 1,500 wells and reserves equivalent to more than 400bn ou ft of natural gas.

COMPUTER GROUPS DISCUSS SINGLE 'OPEN' STANDARD

Move to resolve software conflict

By Louise Kehoe in San Francisco

SENIOR EXECUTIVES from industry is going to have to some of the world's largest computer companies will meet tomorrow for a last ditch tomorrow for a last ditch attempt to resolve a conflict over software that has engulfed the entire industry and threatens to prevent the development of e single "open" standard to enable all types of computers to "talk" to one

At issue is a decision on whether software developed by industry giants IBM, on the one hand, or AT&T on the other, should form the "core" of the open software standard for the next generation of com-puters. The chances of a reconciliation appear remote, despite expressions of optimism on both sides.

Supporters of AIX, who five months ago formed the Open Software Foundation, claim that the program offers superior features that are important to the next generation of computers.
"If AIX has features that

users want, sooner or later the

AT&T and its backers, who this week rallied in support of System V Release 4 maintain, however, that adoption of AIX as the "core" program will create massive problems for the majority of current Unix users whose software is more closely related to the AT&T version than it is to AIX.
"We are signalling to cus-

tomers that we are not going to bargain awey their invest-ments in Unix software," said Unisys, which this week declared its support for AT&T. The solution may be a blend of both programs. Companies on both sides of the argument

yesterday said thet they wound be willing to consider such a compromise.

"But only if we have a clear incorporate commitment to incorporate certain features," said Unisys. Others are taking a firmer stand. Sun Microsystems, which jointly developed Unix

agreement with AT&T, maintains that the result of blend-

ing the two programs would be "pulp".

"It doesn't make sense. System 5.4 is the blend, it is the program that draws together the major versions of UNIX," said Mr Bernard Lacroute, a Behind the technical argu-

ments is an attempt by major computer makers on both sides to control the development of open software standards, many ervers believe. "There are currently 25 or 30 different versions of UNIX,"

points out Mr Stephen Hill, director of product marketing at informix , a software company that has a foot in both

camps.

"If we end up with only two versions, that will represent a major improvement. More difficult to resolve will be the "politics" of the UNIX battle. AT&T's supporters are deeply suspicious of the Open Software Foundation and of

System V release 4 under an IBM's motives in supporting open systems They point out that IBM's strength lies in proprietary

operating systems. We remain committed to providing an open software environment for our customers and will continue to play an active role as a sponsor of the Open Software Foundation," IBM says in response.

There are, however, equally serious concerns among OSF members about AT&T's efforts to develop a "unified" version of Unix in conjunction with Sun Microsystems. Sun, they fear, will gain an unfair advan-tage through its role as the program developer.

Sun, however, dismisses such arguments as "stupid". "This is a smokescreen." Even-tually, Sun maintains, users will demand that the industry resolve its disputes.

"We are optimistic. It is going to be worked out. Users will force the issue," Mr Lac-route declares.

Manufacturers Hanover ahead

By Robert Vincent in New York

A 50 per cent increase in tinned to make progress in third-quarter earnings is restoring common sharehold-reported by Manufacturers Hanover, which owns New York's fourth largest bank, reflecting lower operating expenses and higher earnings from several core businesses.

Net income for the quarter was \$197.7m or \$3.77 a share, compared with \$129.1m or \$2.73 last time. This year's figures, however, include a \$80m after tax gain arising from the sale of the company's London office.

ratio is a harometer of a bank's financial health and US regulators are seeking e minumum 4 per cent ratio by 1932. At end-September the ratio stood a 3.6 per cent of total assets, up from 2.77 per cent a year ago. Nine-month income was \$741.2m or \$14.28 a share. For

by \$1.7bn. Without this addiwould have been \$263.3m or

The company has reduced non-performing assets, aside from those to Brazil, Ecnador and Argentina, by \$225m in the latest three months and \$650m in the past year. At the end of the quarter the total figure stood at \$1.60m. The reserve tax gain arising from the sale: the same period last year the for possible credit losses now of the company's London office bank recorded a loss of \$1.16bn, stands at 5.03 per cent of total losses. The group said that it consincrease the credit loss reserve year ago.

Strong performance by AMR

By Roderick Oram in New York

"Strong growth in both traffic and yield, coupled with effective cost control and lower fuel prices resulted in our best third quarter earnings ever,"-said Mr Robert Crandall, chair-

Net profits for the three? over Air Cal, a regional airline months ended September were to help increase volume against \$57.1m; or \$1.41; a year earlier on revenues of \$2.38bm per cent to 11.40 cents in the

American Afrines, the second nine months, net was \$360.Im, largest US domestic carrier, or \$5.99, against \$199.2, or \$3.30, yesterday reported another big on revenues of \$6.46bn against jump in profits and revenues. \$5.31bn.

5.31hn.
AMR's sharply accelerating performance in recent quarters reflects the long-awaited pay-off from a rapid expansion begun in the mid-1980s. It built up such new hubs as Nashville and Raleigh Durham and took

AMR, parent company of compared with \$1.97bn. For the latest quarter while revenue passenger miles rose 9.9 per cent to 17.43hm. Its passenger load factor was 65.6 per cent, down 1.8 percentage points from a year earlier. But its breakeven load factor fell to 56.5 per cent from 60.4 per cent reflecting improved efficiency

For the nine months, reve-me passenger miles increased 11.7 per-cent_to-48.06m; yield averaged 11,59 cents, up 9.8 per cent, the load factor slipped 1.4points to 64.4 per cent while the breakever load dropped three points to 56.4 per cent.

Downturn at Allied Signal

By Robert Vincent in New York

ALLIED SIGNAL, the US industrial conglomerate, yes-terday unveiled net income of \$119m for the third quarter and said that its cost-cutting pro-gramme was starting to show

The group, whose activities include aerospace components and eutomotive parts, has been and euromouve parts, has over taking steps to all down and concentrate on his core activities. Operating income for the quarter was sharply down at \$36m, against \$178m last time, after \$164m of restructuring costs in the current outputs. costs in the current quarter.

strategy and had cut more than 1,400 jobs. He added that it expected to make further economies in the coming

months.

Direct comparision between this quarter and the last year's is made difficult by the number of exceptional items and restructuring costs. This year's quarterly net income of \$119m or 80 cents a share is set agamst \$174m or \$1.02 last

Mr Edward Hennessy, chair-man, said the group had sold a number of businesses which did not fit into its long-term the quarter were up 7 per cent gains from asset sales and restructuring costs. Sales for the quarter were up 7 per cent

Nine-month net income, after restructuring costs and exceptional items, stood at \$359m or \$2.4 a share, compared with \$520m or \$3.01 last time. Revenues were up 9 per cent at \$8.90n.

The group said that engineered materials performed well and, after excluding restructuring costs, lifted net income by 21 per cent.

Phelps Dodge doubles income

reported \$94.3m in imru-quarter net income, a near doubling of its profits from the 1987 September quarter.

The result, which worked out at \$2.53 a share on a fully diluted basis, almost exactly

The good result was largely due to strong demand for copper, with cathode prices averaging \$1.02 on the New York Commodity Exchange in the third quarter, as against 78

PHELPS DODGE, the big matches the strong performances of the first two quarters of this profiting from high prices for the metal, yesterday reported \$94.3m in third-quarter net income, a near doubling of its profits from the 1967 September quarter were up 36 per cent at \$511.4m.

The good result was largely due to strong demand for coper with cathode wives agent. Phelps Dodge Mining Company enjoyed operating profits of \$109.3m or twice the \$54.2m of last year's corresponding

\$279.6m or \$7.50 a share, against \$64.3m before special gains. Sales were 48 per cent up at \$1.83bm

Uranium sanctions hit Gencor

By Jim Jones in Johannesburg

URANIUM HAS emerged as a problem for yet another of South Africa's mining houses reporting on the September results of managed gold mines. Gencor, the country's second largest mining group, reports thet sanctions have cut demand for uranium produced by Chemwes, a division of the Stilfontein gold mine. One major customer has acked for major customer has asked for deliveries to stop, while another smaller customer has

cut its purchases. Earlier this week, the Rand-fontein gold mine said it had terminated uranium production because losses were immi-

The 12 gold mines managed by Gencor increased their total gold production in the September quarter, largely because gold recovery grades increased to counteract the effect of higher costs and as a number of mines recovered from earlier production disruptions.

In the Orange Free State the Unisel mine has recovered from the effects of an underground fire earlier this year

GENCOR GOLD QUARTERLIES Gold produced After-tax profit (kg) (fkm) Earnings per share (cents) Sep 88 June 88 Sep 88 June 88 Sep 88 June 88 14.69 1.58 20.81 • 3.50 14.60 3.08 0.56 10.65 10.71 7.12 (0.34) 19.61 1.57 21.87 3.44 21.48 3.47 0.72 12.09 4.95 10.21 1.09 n/a 8.4 127.5 29.8 89.1 14.4 n/a 82.4 39.5 27.9 18.9 588 3,791 1,104 2,944 802 204 2,467 601 1,222 882 160.0 31.0 51.4 12.0 n/a

and has announced a R26m

(\$10.6m) shaft sinking programme to open up deep ore in the eastern part of the mine. At Stilfontein, rehabilitation of the Margaret shaft, closed

by a collapse some months ago, ins been delayed by further ground movements. Apart from this, the mine has completed its retrenchment programme and reduced production to a level appropriate to the remaining ore reserves.

Bracken, which has a life expectancy of little more than two years, is now preparing for hefty expenditure on retrench-

ment payments and rehabilita-tion of old mining areas. Elsewhere in the Gencor group the newly established Oryx mine produced its first ore and a small amount of gold in August, while the Kinross mine is to spend R25m on two declines to give access to ore in the eastern and northern sections of the mine property

Publisher blocks state's media sell-off plans

By Canute James in Kingston

THE JAMAICAN
Government's efforts to divest
parts of the state-owned electronic media have been
delayed by a writ filed in the
Supreme Court by the island's largest publishing company, which has been denied a chance to buy into the radio

and television services. The divestment of the state-owned Jamaican Broadcasting Corporation, several regional radio stations and the Govern-ment's minority shareholding in Radio Jamaica is part of a government programme to sell off state property. JBC oper-ates the island's only television

But the Government has been rejuctant to allow existing media houses to be involved in the divested operations. The Gleaner Company, publishers of Jamaica's major daily newspaper, has successfully asked the court to stay the issue of all licences to operate the divested television and radio services.

The publisher has also called for the Prime Minister, Mr Edward Seaga, who is also the information minister, to consider the company's applica-tion to operate a national radio station and a commercial television channel.

Government officials say the writ has effectively halted the Government's timetable for divesting the electronic media. Mr Oliver Clarke, chairman and managing director of the Gleaner Company, had earlier accused the Government of "changing the rules" under which it is divesting the media. The sale of state-owned media is the fourth part of the

Government's divestment pro-Half the island's largest com mercial bank, the country's only cement company and a part of the state's shareholding in the local telecommunications company have already been divested. The Government is seeking buyers for 14 resort hotels.

Apple and Microsoft lift sales and profits By Louise Kehoe in San Francisco

APPLE COMPUTER and Microsoft, two of the largest companies in the personal computer industry, both reported strong growth in sales and earnings yesterday, tem-pering concerns that the US personal computer market may be heading towards a major slowdown.

Apple reported net sales of \$1.2hn for the fourth quarter, a 49 per cent increase over the \$786.4m reported in the same period last year. Net income for the quarter

was up 51 per cent to \$107.9m, or 84 cents per share, com-pared to \$71.7m, or 54 cents per share in the final quarter of

For the full year, Apple's sales increased 53 per cent to \$4.07bn from \$2.66bn in fiscal Net income for fiscal 1988 was \$400.3m, an 84 per cent increase above the \$217.5m recorded in fiscal 1987. Earn-

ings per share were \$3.08 per

share, compared to earnings of

"These results mark our 10th consecutive quarter of growth in sales and earnings," said Mr John Sculley, Apple chairman and chief executive. "During the past two years Apple's annual sales and earnings have

more than doubled."
Microsoft, the leading supware, reported record first-quarter results for the period ended September 30 with revenues amounting to \$176.4m, a 72 per cent increase over the \$102.6m for the same period

last year. Net income for the quarter was \$36.6m or 65 cents per share, up 72 per cent from \$21.3m or 38 cents per share a

year ago.
This 12th consecutive revenne record quarter was achieved with net profit margins of 20.7 per cent and strong revenue across all sectors of our business," said Mr Jon Shirley, president and chief operating officer.

19th October, 1988

This announcement appears as a matter of record only.

NEW ISSUE



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INTERNATIONAL COMPANIES AND FINANCE

Panel moves on Smith New Court

By Nikki Tait in London

THE UK Takeover Panel, the City of London's watchdog on bid and deals, has stripped Smith New Court, the British stockbroking and market-mak-ing firm, of "exempt marketmaking status" for three

This means that if, during the period, the firm's broking arm gives corporate finance advice to a company involved in a bid, its market-making arm will not be able to deal in the same company's shares.

The Panel's decision has the Paner's decision has been made in the light of two breaches of Rule 38.1 of the Takeover Code by SNC earlier this month during the hid battle between Tarmac and Raine industries for Ruberoid. Rule 38.1 states that an exempt mar-ket-maker connected with either bidder or target com-pany must not carry out dealings with purpose of assisting that company.

Although breaches of another section of Rule 38 have come to light in the past 18 months – in the Peachey/EPIC bid and Hepworth Ceramic/Birmid Qualcast - the parties

involved were only rapped by the Panel and required to take corrective action. This is the first time the Panel has taken the harsher sanction of sus-

pending exempt status.
Smith is corporate broker to Ruberoid, a roofing materials group which is currently fac-ing both a recommended hid from building company Tar-mac, and a hostile approach from housebuilder Raine. The breaches concern the non-sale of shares in Ruberoid by SNC's market making arm to Hoare Govett, acting for Raine, and the subsequent sale of the same shares to a broker acting

The Panel has already required SNC to repair the damage by buying a similar block of shares in the market block of shares in the market and selling them on to Raine at its cash alternative offer price. Since this was lower than the market price, SNC stands to make a loss — put at over £60,000 (\$105m) — on the

According to the Panel's statement yesterday, the first breach occurred at the beginning of September. The SNC

market maker held a long posi-tion in Ruberoid of about 1m shares (about 2 per cent of the equity), which he contemplated selling. Houre Govett was idea-tified as a probable purchaser but an unnamed senior SNC director reponsible for equity market-making advised against this because it could reflect on the firm's corporate broking

A few days later, the broking team was informed of the market-maker's wish to cut his holding. The broker warned Ruberiod that a block of shares were being offered for sale and "it was eventually arranged that the shares were purchased by a broker who it later transvired was acting for Tarmac". spired was acting for Tarmac. Tarmac, which went on the amounce a bid for Ruberoid, was apparently unaware of the source of the shares, and SNC of the identity of the pur-

role at Ruberoid.

The purpose of exempt sta-tus, which is granted by the Panel, is to allow the market-making element of an integrated securities house to con-tinue operating independently of its corporate finance arm in bid situations.

Although the Panel says it received full co-operation from SNC, it concluded that the case "demonstrated inexperience and incompetence on the part of a number of people with SNC in an area which is of the utmost importance to the integrity of the market.

SNC said that the breaches resulted from "inadequate internal procedures", and adds that these have already been strengthened. The firm, formerly a jobbing business, has only built up a corporate advi-sory side in the past 18 months, where it now employs about 15 people and reckons to have about 26 clients.

"Although it is impossible to predict the number of takeover offers involving SNC's clients over the next three months, it is likely to be small," says the firm. It stressed that other than in possible bid situations involving these clients its involving these clients, its market-making, agency and corporate finance activities would be unaffected. Lex, Page 20

Degussa buys three carbon black plants

By David Goodhart in Bonn

DEGUSSA, the West German precions metals and chemicals company, has acquired the three carbon black plants of Ashland Oil of the US for \$58.5m making it the second largest producer of carbon black in the world.

Carbon black is used in the manufacture of car tyres and other rubber products and is also used as pigmentation in ink and paint.

The deal, which has to be approved by US anti-trust authorities, increases the number of Degussa's carbon plants from seven to 10 and raises world capacity from 520,000 tonnes per annum to 720,000 tonnes per annum, according to the company.

The three US plants - in Louisiana, Texas and Ohio had turnover of \$70m last year. They concentrate on carbon products for the rubber indus-

try but Degussa proposes to extend production to include pigment for printing inks, plastics and paints.

Degussa established a major presence in the carbon black industry when it acquired five European plants from the Phillips Petroleum Company in 1986. It has long been the leading supplier of precipitated sili-cas and organosilanes to the rubber industry. The company recently built a new organosilanes plant in Mobile, Ala-

Degussa last year reported after-tax profit up nearly 5 per cent to DM120m (\$66m) on turnover of DM 11.7bn. At the interim stage, it said: "In view of the high volume demand for our products, it is estimated that results for the complete 1967-88 business year will surpass those of the previous

Groupe AG expects earnings to advance

GROUPE AG, Belgium's largest insurance company, expects net profit for 1988 to be higher than the BFr2.35bn (\$62m) earned in 1967, AP-DJ

reports from Brussels.

The company also forecast that it would increase its dividend to shareholders on 1988 earnings. In 1987, Groupe AG's net payout on ordinary shares amounted to BFr115 per share, up 9.5 per cent from the previ-

The company did not give profit figures for the first half of 1968 but revealed that premium income totalled BFr17.7hn in the first half, up

3.2 per cent from the corresponding year-earlier period. Premium income was expected to rise about 5 per cent over the whole year compared with 1987, AG said.

Income from financial operations rose 5.9 per cent in the first half from a year earlier. AG did not give figures. It said that the rise was due mainly to "important growth". in revenue from investments in Belgian shares.

Net gains from sales of secu-rities totaled BFr2.5hn in the first half, down slightly from BFr2.6 ba a year earlier.

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Fravelling on Business?

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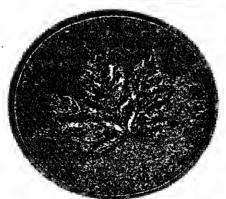
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the Royal Canadian Mint gives a little gold away to guarantee each coin's minimum weight. Because of the large numbers sold, its unquestioned reputation, and the government guarantee of weight and purity control, the Gold Maple Leaf is now a standard by which other gold products are measured.

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enjoy universal recognition. Be sure to weigh the advantages of the Gold Manle Leaf - all of which add up to make it, with over 11 million ounces sold, the bestselling investment coin in the world today. And just maybe worth even more to you than its weight



The Gold Maple Leaf. The world's gold coin standard.

INTERNATIONAL COMPANIES AND FINANCE

Bond Corp debts swell to A\$7bn

By Chris Sherwell in Sydney

DEBTS OF Bond Corporation, Mr Alan Bond's flagship com-pany, have swollen to more than A\$75n (US\$5.75n), and stand at more than A\$8.55n if debts are included of the recently acquired Bell Group, Mr Robert Holmes à Court's former flagship.
But Bond, which has inter-

Manual Control

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TIME

ests in brewing, media and property and is now one of Australia's largest companies, said it had already taken steps to bring down the debt through sales of Bell Group assets, and expected a "significant reduction by the end of December.
Revelation of the higher-than expected figure came yes terday at the group's aminal meeting, which was held in Perth and broadcast live by

satellite to Sydney, Melbourne and Brisbane. He was asked nothing nor did he volunteer any information, about Bond's intentions in the UK where the Lourho trading group on Tuesday iden-tified interests associated with Bond as a 4.13 per cent share-

Bond confirmed it was deferring the planned merger with Bell Group and its cash-rich offshoot, Bell Resources. The merger was originally part of a scheme announced when Bond Corporation made its A\$850m bid for Bell Group in June. Mr Bond said asset sales "in

the normal course of rationalisation" would realise more than A\$2bn this year, and insisted that the board of directors was "comfortable with the level of its debt, as it has affixed those to long-term cash-producing

Bond Corporation's share price did not reflect its value at

Alan Bond: A\$2bn from Bell asset sales this year all, he said, and the group wanted to increase people's awareness of the quality of its assets and its cash flows. In a statement to sharehold-

ers, delivered with the aid of transparent screen telepromp-ters like those used by President Ronald Reagan and Mrs Margaret Thatcher, Mr Bond confirmed the purchase of the 800-room St Moritz hotel at the southern end of Central Park in Manhatian.
The purchase for US\$180m from Mr Donald Trump was

prime properties in prestige areas of the world's major cities, he said, and the group already had such properties in London and Rome.

In Sydney, the group was selling its Park Plaza development, where the local authori-ties rejected plans to build a 28-storey "Skytower," to con-centrate on the Chilley Square project in the heart of the business district, where the pro-posed skyscraper will be called the Bond Building.

On the media front, Mr Bond said the Government's legisla-tion preventing media crossownership meant the group, which now owns the West Australism, Perth's only morning daily newspaper, would sell some of its radio stations and its Perth television station, part of Bond's Channel Nine

In brewing, the group's most important revenue earner, he said Bond had recently discussed the establishment of a brewing operation in China, and he lauded the multi-brand atrategy which distinguishes the group from arch-rival kideas IKL, saying the policy recognised local brand loyal-time and negula's individuality.

Regarding its oil and coal activities, Mr. Bond said the group was reviewing these "to look for an opportunity that will enable us to become a major participant in both production and downstream operations."

He also defended the group's involvement in Chile, where it will have 46 per cent of the Chile Telephone Company by December, and its controversial involvement in the A\$1bn petrochemical plant in Western Australia.

There was no mention of two legal actions involving the Bond group in Sydney One, before the Broadcasting Tribunal, is an inquiry into its fit-ness to hold a broadcasting licence following an out-of-court defamation payment of A\$400,000 to former Queensland premier, Sir Joh Bjelke-Petersen, in 1983.

The other, in the New South Wales Supreme Court, is to decide whether a A\$100m success fee for the costly privatisa-tion of the Fairfax media empire last year should be paid to Rothwells bank and, in turn, to Bond Media. Mr Warwick recognised local brand loyal-ties and people's individuality. lodged a counter-claim.

Holmes à Court resurfaces with anniversary bid By Our Financial Staff

Lawyers for Mr Holmes & Court said yester-day he will bid A\$1.02 a share, or A\$74m (US\$58.8m), for Sherwin Pastoral, which has farming leases covering about 1 per cent of Australia's total land area. Sherwin is already

ME ROBERT HOLMES à Court, a big loser in subject to an 88 cent a share bid from Elders, the October 1987 stock market creat, has resurfaced on the creath anniversary with a bid for an Australian agricultural company that pits him against Mr John Elliott's Elders IXL.

Lawyers for Mr Holmes à Court said yesterday he will bid A\$1.02 a share, or A\$74m of both Bell Group and Bell Resources to Mr Alan Bond's Bond Corp Holdings.

Sharwing Lagges Appending shout 1 to court of Sharwin Pastoral's directors have rejected. Sherwin Pastoral's directors have rejected the Elders bid as opportunistic.

Government sets NTT issue price at Y1.9m a share

By Michlyo Nakamoto in Tokyo

SHARES OF Nippon Telegraph & Telephone, the world's hig-gest company by market value, danced teasingly up and down on the Tokyo-Stock Exchange yesterday as investors waited for the price to be struck for the latest tranche of equity being sold by the Japanese Government

From late in the summer it became apparent that the size of the issue was depressing stock market sentiment. It has . taken a considerable effort by Y1.9m. the Japanese financial commu-

sful conclusion.

The Ministry of Finance had stipulated that the price would be set at 3.5 per cent below yesterday's closing market level. The shares opened at YL99m and rose to Y2m at one point during the day but ended down Y10,000 from Tuesday's close at Y1.97m. Thus the price for the new shares will be

The 1.5m shares on offer will

mity to bring the sale, which be sold today and tomorrow by will raise Y2,850bn (\$22.4bn) for 260 securities houses, including 40 foreign firms, although in practice orders for all of them

have already been received.

In mid-September the Government scaled down the issue, originally set at 1.95m shares. The market as a whole then recovered slightly, but the NTT price continued to sag, falling from Y2.2m to the Y2m range when brokers began canva ing for buyers early this

The response was slow at November.

first but last week, when the share price dipped below Y2m, there was a rush of orders and the brokers were able to declare the issue a success.

The first sale of 1.95m NTT shares in January 1987 at Yl.6m per share was a huge success, attracting considerable investor interest among individuals new to the equity market. The shares rose above Yam for a brief period and then faded. The second tranche was sold at Y2.55m per share last

INTL. APPOINTMENTS

MGM/UA appoints chief executive

MGM/UA COMMUNICATIONS, the US film and television group, has appointed Mr Jeffrey Barkakow as chairman, president and chief executive

of the company. Mr Barkakow has joined the company after 19 years with Merrill Lynch Capital Markets. He served for the last five years as managing director responsible for the Pacific Southwest region of the firm's investment banking division.
Mr Stephen Silbert, MGM/

UA's former chairman, has resigned to take a position with Tracinda Corp. MGM/ UA's principal shareholder.

VIRGIN ATLANTIC Airways, Mr Richard Branson's Ul based airline, has appointed Mr Akira Nakamura as vice-president and president of the company's Japanese subsidiary. He was formerly managing director of a company in the

Seibu Saison group. The airline is to begin four scheduled flights per week between London and Narita in

THE INTERNATIONAL Hotel Association (IHA) has chosen Mr Samuel Federman, an Israeli hotelier, as its next president. The two year appointment was made last week at the association's congress in New Delhi. Mr Federman is expected to

divide his time between his office at the Paris headquarters of the IHA and Tel Aviv where he is currently vice-chairman of the board of directors of Dan Hotels Corporation, Israel's leading chain.

MR JOHN H. SCHLESINGER, a managing director of Salo-mon Brothers, the US invest-ment banking group, has assumed his post in Tokyo as head of investment banking in

Japan. Mr Schlesinger will be responsible for mergers and acquisitions activity in Asia. The company also said that Mr Makoto Kuroda, a former Vice-Minister for International Affairs in Japan's Ministry of International Trade and Industry, has been appointed as an has accepted outsid adviser to Salomon Brothers pia & York group.

VOLKSWAGEN of America, tobacco, food and drinks con-the US subsidiary of the West German motor group, has Nicolass F.M. Kuipers as head

dent, will be transferred to run the Brazilian operations of the

parent company.

Mr Phillips will be replaced by Mr Hans-Jörg Hungerland, who is export sales manager for Volkswagen AG in West

Mr Phillips had been president of Volkswagen of America, the car maker's US sales and marketing arm, since 1983. +++ NYNEX INTERNATIONAL.

the US-based information and telecommunications products and services company, has appointed Mr Robert Heller to the newly-created position of vice-president and managing director - Europe/Asia.

Mr Heller will be responsible

for the international sales and marketing activities of the company's London, Hong Kong and Geneva offices. He will be based in Geneva. Prior to assuming his cur-rent position Mr Heller was vice-president-sales for Telco

Research Corporation, another Nynex company. BELL GROUP, formerly con-trolled by Mr Robert Holmes à Court, but now part of the

Bond Corporation, has appointed Mr David Aspinall, currently an executive director of Bond Media, as its chief executive.

Mr Aspinall will continue to be responsible for the international media and communications interests of the Bond Corporation group of companies. However, he will resign from the board of Bond Media so as to avoid any possible contra-vention of Australia's broadcasting legislation as a result of his appointment to the Bell Group board.

MR MARSHALL COHEN has joined the board of American Barrick Resources, the US gold mining group based in Toronto.

Mr Cohen is president of Olympia & York Enterprises Corporation and is also on the boards of several Canadian corporations, which are part of that group. The American Bar-rick directorship is the first he has accepted outside the Olym-

PHILIP MORRIS, the US announced that Mr Noel of its newly formed General Phillips, the company's presi- Foods Europe subsidiary. NOTICE OF REDEMPTION



THE KINGDOM OF DENMARK

£100,000,000 Floating Rate Notes 1998

NOTICE IS HEREBY GIVEN that pursuant to Condition 5(c) of the Notes the Kingdom of Denmerk has elected to redeem on November 30, 1988 (the "Redemption Date") all of its outstanding Floating Rete Notes 1998 (the Notes") at a redemption price equal to the principal amount thereof plus interest accrued to the Redemption Date. On and after the Redemption Date, interest on the Notes will case to accrue.

The Notes should be presented and surrendered to the paying agants as shown on the Notes on the Redemption Date with all interest coupons maturing subsequent to said date.

Coupona due November 30, 1988 should be detached and presented for payment in the usual mannar.

October 20, 1988 London By: Citibank, N.A. (CSSI Dept.), Fiscel Agent CITIBANCO



£80,000,000 Nationwide Anglia Building Society (Incorporated in England under the Building Societies Act 1986)

Subordinated Floating Rate Notes due July 1998 For the three months 14th October, 1988 to 16th January, 1989 the Noies will carry an interest rate of 12.625% per annum with a coupon amount of GBP 325.14 per GBP 10,000 Note, payable on 16th January, 1989. Listed on the Luxembourg Stock Exchange.

Bankers Trust Company, London

Agent Bank

20th October, 1988

Die Erste österreichische Spar-Casse-Bank

Subordinated Floating Flate Notes Due 1992

Notice is hereby given pursuant to the Terms and Conditions of the Notes that for the six months from 21st October, 1988 to 21st April, 1989 the Notes will carry an interest rate of 8%% per annum. On 21st April, 1989 interest of US\$448.68 will be due per US\$10,000 Note against Coupon No. 14.

US\$40,000,000



Agent Bank ORION ROYAL BANK LIMITED A member of The Royal Bank of Canada Group

NOTICE OF ADJOURNED MEETING

Landesbank Rheinland-Pfalz - Girozentrale -A\$ 40,000,000 14% per cent. Notes due 1990

of the holders of

NOTICE IS HEREBY GIVEN that the Meeting of the holders (the "Noveholders") of the above-mentioned Notes (the "Notes") convened by the Bank for 14th October, 1988 at 10.30 a.m. (London-time) by the Notice daise 19th September, 1988 published in the Financial Times and the Lintemburger Work was adjourned through lack of a quorum and that the adjourned Meeting of the Noteholders convened by the Bank will be held at the offices of the Royal Bank of Canada, 71 Chinen Victoria Street, London BC4V 4DE on 4th November, 1988 at 9:00 a.m. (London-time) for the purpose of considering and, if thought fit, passing the following Resolution which will be proposed as an Entia-ordinary Resolution in accordance with the provisions of the Fiscal Agency Agreement dated 6th March, 1987 made between Landesbank Rheinland-Pfatz – Ghozentrale—(the "Bank") and Banque Parlbas (Lineambourg) S.A. (the "Fiscal Agent") and others relating to the Notes, as amended.

[EXTRA ORDINAR DV DESCON 17740M]

EXTRAORDINARY RESOLUTION

"THAT this Meeting of the holders (the "Noteholders") of the A\$ 40,000,000 14% per cent. Notes due 1990 (the "Notes") of Landesbank Rheinland-Pfalz - Glrozentrale-(the "Bank") (stated under a Fiscal Agency Agreement (the "Fiscal Agency Agreement") dated 6th March, 1937 made between the Bank and Banque Parins (Luzembourg) S. A. as Fiscal Agent (the "Fiscal Agent") and others, as amended, hereby:

(1) assents to the modification of the Terms and Conditions of the Notes (as printed on the reverse thereof and in Schedule 1 to the Fiscal Agency Agreement) proposed in paragraph (b) of the Explanatory Statement issued by the Bank and dated 19th September, 1988, a copy of which has been produced to this Meeting and initialled by the Chairman hereof for the purpose of identification; (2) sanctions every modification, abrogation, variation, compromise of, or arrangement in respect of, the rights of the Noteholders and the holders of the Coupous appor-taining to the Notes against the Bank involved in, or resulting from, the modification referred to in paragraph [1] of this Resolution or any substitution of debtor made pursuant to, and in accordance with, the Terms and Conditions of the Notes as so

(3) authorises the execution of a Supplemental Fiscal Agency Agreement in the form of the draft produced to this Meeting and for the purpose of identification signed by the Chairman hereof to give effect to the modification referred to in paragraph (1) of this Resolution*.

The attention of Noteholders is particularly drawn to the quorum required for the adjourned Meeting which is set out below. QUORUM

The quorum required to consider the Extraordinary Resolution at the adjourned Meeti will be two or more persons present in person bolding one or more Notes or voil certificates or being a proxy or proxies whatever the principal amount of the Notes AVAILABILITY OF DOCUMENTS

Copies of the Fiscal Agency Agreement may be inspected, and copies of the Explainat Statement, voting certificates and other documents referred to above may be obtain by Noteholders from the specified office of any of the Agents given below. FISCAL AGENT AND PRINCIPAL PAYING AGENT

Banque Paribes (Luxembourg) S.A., 10A Boulevard Royal, Luxembourg. PAYING AGENTS ank Rheiniand-Pfalz

- Girozentrale -Grosse Bleiche 54-56, Morgan Guaranty Trust Company of New York, Avenue des Arts 35,

Landesbank Rheinland-Pfatz International S.A., 6, rue de l'Ancien Athénée, L 1144 Luxembourg. Morgan Guaranty Trust Company of New York, Morgan House, 1 Angel Court, London, ECZR 7AE.

CH-4002 Basic.

This Notice has been approved by an authorised person for the purposes of the Financial Services Act 1986.

NOTICE OF ADJOURNED MEETING of the holders of

Landesbank Rheinland-Pfalz - Girozentrale -**A\$ 40,000,000 14 per cent. Notes due 1991**

NOTICE IS HEIRBY GIVEN that the Meeting of the holders (the "Noteholders") of the above mentioned Notes (the "Notes") convened by the Bank for 14th October, 1988 at 4.00 p.m. (London-time) by the Notice dated 19th September, 1988 published in the Financial Times and the Luxemburger Wort was adjourned through lack of a quorum and that the adjourned Meeting of the Noteholders convened by the Bank will be held at the offices of The Royal Bank of Canada, 71 Queen Victoria Street, London EC4V 4DE-op. 4th November, 1988 at 11.15 a.m. (London-time) for the purpose of considering and, if thought fit, passing the following Resolution which will be proposed as an Extraordinary Resolution in accordance with the provisions of the Fiscal Agency Agreement dated 16th December, 1986 made between Landesbank Rheinland-Pfalz — Girzentzie— (the "Bank") and Orion Royal Bank Limited (the "Fiscal Agent") and others relating to the Notes, as amended.

EXTRAORDINARY RESOLUTION

"THAT this Meeting of the bolders (the "Nousholders") of the A\$ 40,000,000 14 per cant. Notes due 1991 (the "Notes") of Landesbank Rheinland-Platz —Girozentrale—(the "Bank") issued under a Fiscal Agency Agreement (the "Fiscal Agency Agreement) (the "Fiscal Agency Agreement) and Orlon Royal Bank Limited as Piscal Agent (the "Piscal Agent") and others, as amended, hereby:

sents to the modification of the Terms and Conditions of the Notes (as printed on a reverse thereof and in Schedule 1 to the Piscal Agency Agreement) proposed in regraph (b) of the Explanatory Statement issued by the Bank and dated th September, 1988, a copy of which has been produced to this Meeting and Halled by the Chairman hereof for the purpose of identification;

sanctions every modification, abrogation, variation, compromise of, or arrangement in respect of, the rights of the Notshokiers and the holders of the Coupons apparathing to the Notes against the Bank involved in, or resulting from, the modification referred to in peragraph (1) of this Resolution or any substitution of debtor made pursuent to, and in accordance with, the Terms and Conditions of the Notes as so modified; and

authorises the execution of a Supplemental Piscal Agency Agreement in the form of the draft produced in this Meeting and for the purpose of identification signed by the Chairman hereof to give effect to the modification referred to in paragraph [1] of this Resolution".

stension of Notabolders is particularly drawn to the quorum required for the med Meeting which is set out below. QUORUM

The quorum required to consider the Extraordinary Resolution at the adjourned Meeting wiff he two or more persons present in person holding one or more Notes or voting certificates or being a proxy or proxies whatever the principal amount of the Notes so **AVAILABILITY OF DOCUMENTS** Copies of the Piscal Agency Agreement may be inspected, and copies of the Explanato Statement, voting certificates and other documents referred to above may be obtained by Noteholders from the specified office of any of the Agents given below.

FISCAL AGENT AND PRINCIPAL PAYING AGENT Orion Royal Bank Limited, 71 Queen Victoria Street, London, ECAV 4DE.

PAYING AGENTS The Royal Bank of Canada A.G., 6000 Prankfurt/Main 1. The Royal Bank of Canada (Belgium) S.A., rue de Ligne 1, B-1000 Brussels.

The Royal Bank of Canada (France) S.A., 3, rue Scribe, 75440 Paris. Landesbank Rheinland-Pfalz International S.A., 6, rue da l'Ancien Athénée The Royal Bank of Canada

1204 Geneva This Notice has been approved by Orion Royal Bank Limited,

NOTICE OF ADJOURNED MEETING

of the holders of Landesbank Rheinland-Pfalz - Girozentrale -Can.\$ 50,000,000 9% per cent. Notes due 1991

NOTICE IS HEREBY GIVEN that the Meeting of the holders (the "Noteholders") of the above-mentioned Notes (the "Notes") convened by the Bank for 14th October, 1988 at 1.00 p.m. (London-time) by the Notice dated 19th September, 1988 published in the Pinancial Times and the Lovemburger Wort was adjourned through lack of a quorum and that the adjourned Meeting of the Noteholders convened by the Bank will be held at the offices of The Royal Bank of Canada, 71 Queen Victoria Street, London ECAV 4DE on 4th November, 1988 at 9.45 a.m. (London-time) for the purpose of considering and, if thought it, passing the following Resolution which will be proposed as an Extraordinary Resolution in accordance with the provisions of the Facal Agency Agreement dated 9th October, 1986 made between Landesbank Rheinland-Pfalz — Girozentrale—(the "Bank") and Orion Royal Bank Limited (the "Fiscal Agent") and others relating to the Notes, as amended.

EXTRAORDINARY RESOLUTION

"THAT this Meeting of the holders (the "Noteholders") of the Can.\$50,000,000 9% per cent. Notes due 1991 (the "Notes") of Landesbank Rheinland-Pfaiz — Girozentrale—(the "Bank") issued under a Fiscal Agency Agreement (the "Fiscal Agency Agreement) dated 9th October, 1986 made between the Bank and Orion Royal Bank Limited as Fiscal Agent (the "Fiscal Agent") and others, as amended, hereby:

(1) assents to the modification of the Terms and Conditions of the Notes (as printed on the reverse thereof and in Schedule 1 to the Piscal Agency Agreement) proposed in paragraph (h) of the Explanatory Statement issued by the Bank and dated 19th September, 1988, a copy of which has been produced to this Meeting and initialled by the Chairman hereof for the purpose of identification; sanctions every modification, abrogation, variation, compromise of, or arrangement in respect of, the rights of the Noteholders and the holders of the Coupous appearating no the Notes against the Bank involved in, or resulting from, the modification referred to in paragraph (1) of this Resolution or any substitution of debtor made pursuant to, and in accordance with, the Terms and Conditions of the Notes as a modified; and

authorises the execution of a Supplemental Fiscal Agency Agreement in the form of the draft produced to this Meeting and for the purpose of identification signed by the Chairman hereof to give effect to the modification referred to in paragraph (1) of this Resolution*. The attention of Noteholders is particularly drawn to the quorum required for the adjourned Mesting which is set out below.

QUORUM The quorum required to consider the Extraordinary Resolution at the adjourned Meeting will be two or more persons present in person holding one or more Notes or voting certificates or being a proxy or proxies whatever the principal amount of the Notes so held or represented by them.

AVAILABILITY OP DOCUMENTS

Copies of the Fiscal Agency Agreement may be inspected, and copies of the Explanate Statement, voting certificates and other documents referred to above may be obtains by Noteholders from the specified office of any of the Agents given below. FISCAL AGENT AND PRINCIPAL PAYING AGENT Orion Royal Bank Limited,

71 Queen Victoria Street, London, EC4V 4DE. PAYING AGENTS The Royal Bank of Canada, Royal Bank Plaza, onto, Canada, M5J 2J5. The Royal Bank of Canada

(France) S.A., 3, rue Scribe, 75440 Paris. Landesbank Rheinland-Pfalz International S.A., 6, rue de l'Ancien Athénée,

The Royal Bank of Canada A.G., Gutleutstrasse 85, The Royal Bank of Canada (Belgium) S.A., rue de Ligné 1, B-1000 Brit The Royal Bank of Canada

rue Diday 6, 1204 Geneva,

This Notice has been approved by Orion Royal Bank Limited, a member of The Securities Association.

LANDESBANK RHEINLAND-PFALZ LANDESBANK RHEINLAND-PFALZ LANDESBANK RHEINLAND-PFALZ LANDESBANK RHEINLAND-PFALZ

NOTICE OF ADJOURNED MEETING of the holders of

Landesbank Rheinland-Pfalz - Girozentrale -**A\$ 30,000,000 13 per cent. Notes due 1989**

NOTICE IS HEREBY GIVEN that the Meeting of the holders (the "Noteholders") of the above-mentioned Notes (the "Notes") convened by the Bank for 14th October, 1988 at 2.30 p.m. (London-time) by the Notice dated 19th September, 1988 published in the Financial Times and the Luxemburger Wort was adjourned through lack of a quorum and that the adjourned Meeting of the Noteholders convened by the Bank will detect the offices of the Royal Bank of Canada, 71 Cheen Victoria Street, London ECAV 4DE on 4th November, 1988 at 10.30 a.m. (London-time) for the purpose of considering and, if thought fit, passing the following Resolution which will be proposed as an Extraordinary Resolution in accordance with the provisions of the Fiscal Agency Agreement dated 30th April, 1986 made between Landersbank Rheinland-Platz – Girozentrale ated 30th April, 1986 made between Landesbank Rheinland-Plaiz — Girozentrale— the "Bank") and Orion Royal Bank Limited (the "Flacal Agent") and others relating to

EXTRAORDINARY RESOLUTION "THAT this Meeting of the holders (the "Notcholders") of the A\$ 30,000,000 13 per cent. Notes due 1989 (the "Notes") of Landesbank Rhetnland-Plaiz — Cirozentrale— (the "Bank") issued under a Fiscal Agency Agreement (the "Fiscal Agency Agreement") dated 30th April, 1986 made between the Bank and Orion Royal Bank Limited as Fiscal Agent (the "Fiscal Agent") and others, as amended, hereby:

(1) assents to the modification of the Terms and Conditions of the Notes (as printed on the reverse thereof and in Schedule 1 to the Fiscal Agency Agreement) proposed to paragraph (b) of the Explanatory Statement issued by the Bunk and dated 19th September, 1988, a copy of which has been produced to this Meeting and initialled by the Chairman hereof for the purpose of identification;

(2) sanctions every modification, abrogation, variation, compromise of, or arrangement in respect of, the rights of the Noteholders and the holders of the Coupons appertaining to the Notes against the Bank involved in, or resulting from the modification referred to in paragraph (I) of this Resolution or any substitution of debtor made persuant to, and in accordance with, the Terms and Conditions of the Notes as a modified; and

(3) authorises the execution of a Supplemental Fiscal Agency Agreement in the form of the draft produced to this Meeting and for the purpose of identification signed by the Chairman hereof to give effect to the modification referred to to paragraph (1) of this Resolution*.

The attention of Noteholders is particularly drawn to the quorum required for the adjourned Meeting which is set out below. QUORUM The quorum required to consider the Extraordinary Resolution at the adjourned Meeting

will be two or more persons present in person holding one or more Notes or vois certificates or being a proxy or proxies whatever the principal amount of the Notes held or represented by them. **AVAILABILITY OF DOCUMENTS** Copies of the Fiscal Agency Agreement may be inspected, and copies of the Explanatory Statement, voting certificates and other documents referred to above may be obtained, by Noteholders from the specified office of any of the Agents given below.

FISCAL AGENT AND PRINCIPAL PAYING AGENT Orion Royal Bank Limited, 71 Cuesn Victoria Street, London, EC4V 4DE

PAYING AGENTS The Royal Bank of Canada A.G., Gutleutstrasse 85, 6000 Frankfurt/Ma The Royal Bank of Canada (Belgium) S.A., rue de Ligne 1,

The Royal Bank of Canada (France) S.A., 3, rue Scribe, 75440 Paris. Landesbank Rheinland-Pfalz International S.A., 6, rue de l'Ancien Athénée, L. 1144 Luxembourg.

The Royal Bank of Canada (Suisse), rue Diday 6, 1204 Geneva.

This Notice has been approved by Orion Royal Bank Limited, a member of The Securities Association.



These securities have been sold outside Japan. This aunouncement appears as a matter of record only.

(European Tranche)

19th October, 1988



EUROPEAN INVESTMENT BANK

ECU 100,000,000

8 per cent. Bonds Due 19th October, 1998

Issue Price 101% per cent.

Nomura International Limited

Crédit Lyonnais

Banque Paribas Capital Markets Limited Deutsche Bank Capital Markets Limited

BNP Capital Markets Limited IBJ International Limited

Kredietbank International Group Société Générale

SBCI Swiss Bank Corporation Investment banking

Kuwait International Investment Co. s.a.k.

Swiss Volksbank

Notice of Resignation and Appointment To the Holders of each of the below mentioned Issues

Notice is hereby given of the resignation of Manufacturers Hanover Trust Company at its main offices in Frankfurt, London and Zurich from its appointment(s) as a Paying Agent, Conversion Agent or Forwarding Agent, where it is acting in one or more of said capacities, on each of the Issues listed below, and the appointment of Bankers Trust Company at its office at Dashwood House, 69 Old Broad Street, London EC2P 2EE as the successor agent, effective at the close of business 6th October, 1988.

Due 1992

American Express Credit Corporation U.S. \$100,000,000 10%% Senior Notes Due 1990 U.S. \$150,000,000 12%% Senior Notes Due 1988

CALFED, Inc. U.S. \$125,000,000 61/2% Convertible Subordinated Debentures Due 2001

COMSAT International N.V. .S. \$110,000,000 73/4% Convertible Subordinated Debentures due 1998

First Boston, Inc. U.S. \$100,000,000 73/4% Subordinated Notes Due 1996

First City Bancorporation of Texas, Inc. U.S. \$100,000,000 Floating Rate Notes

due January, 1995 GLENFED, Inc. U.S. \$75,000,000 73/4% Convertible Subordinated Debentures Due 2001

Helmerich & Payne Finance N.V. U.S. \$60,000,000 71/2% Subordinated Debentures

Bankers Trust Company

Riggs National Corporation
U.S. \$60,000,000 Floating Rate Subordinated Notes Due 1996 U.S. \$100,000,000 Floating Rate Subordinated Capital Notes Due 1996 Rockefeller Center Properties, Inc. U.S. \$952,250,000 Zero Coupon Convertible Debentures due 2000 U.S. \$335,000,000 Current Coupon Convertible Debentures due 2000

R. J. Reynolds Overseas Finance Co. N.V. U.S. \$400,000,000 Zero Coupon Guaranteed Notes

SONAT Finance, Inc.
U.S. \$100,000,000 111/6% Guaranteed Notes Due 1992 W. R. Grace & Co.

U.S. \$150,000,000 61/4% Convertible Subordinate Debentures Due 2002 U.S. \$250,000,000 7% Convertible Subordinate Debentures Due 2001

> Corporate Trust and Agency Group

6th October, 1988

INTERNATIONAL COLLOQUIUM The search for capital resources in Europe

8 - 9 December 1988 in Nice - SOPHIA ANTIPOLIS (France)

With the participation of PIERRE BEREGOVOY (French Minister of Economy and Finance), PIERRE WERNER

(Honorary President of the Government of Luxemburg) and a number of eminent European economics and finance experts

 CREATION OF ENTERPRISES DEVELOPMENT - DIVERSIFICATION HUMAN CAPITAL INVESTMENT

For information, programme and registration: "TELPRESSE - COLLOQUE NICE" 51. rue Vivienne - 75002 Paris (France) Tel.: (1) 42.33.86.28

The Collegulum is organized by INNOVATION SERVICE TELPRESSE BANQUE ET FINANCE THE EUROPEAN INVESTMENT BANK invites entries for the



For the third time since the establishment of the EIB Prize 1983, the European Investment Bank is to award 10 000 ECUs for a doctoral dissertation on a subject elated to investment and financing. The deadline for submission is 1 February 1989.

The rules governing the 1989 EIB Prize have been published in the Official Journal of the European Communities Nr C 261 of 8 October 1988.

Additional copies of the rules and further information may be obtained by contacting

Mr Cees Post EUROPEAN INVESTMENT BANK L-2950 Luxembourg Tel.: (352) 4379-4223

INTERNATIONAL CAPITAL MARKETS

Euroyen issue hogs the limelight

By Dominique Jackson

THE FIRST plan vaning
Euroyen issue for almost six
months was the focus of attention in the primary Eurobond
market yesterday.

The Canadian dollar sector
continued to see a steady
stream of new deals as the wid-

ening of spreads between Euro-dollar bonds and US Treasury issues contrives to deter borrowers from tapping the sector.
The Y50hn five year deal for
the World Bank via Yamaichi
International emerged onto a

market already frenzied with expectation. One syndicate manager commented that this could be the first example of ratity value being a major contributing factor to the success of an issue in the sector.

A similar suggestion would have drawn ridicule in 1985 and even last were when

and even last year when Euroyen was one of the top ranking new issue currencies after the US dollar in the inter-national bond markets. However, pancity of supply in the sector so far this year - with issuance running at levels of around a third of last year's totals - has made conventionally priced and placed deals a

rarity.
This factor, together with the popularity of the borrower and the relatively fair pricing

THE FIRST plain vanills of the deal, helped to send the new issue to levels as high as less 1 bid shorts. s 1 bid shortly after its for-

mal launch. It later settled down somewhat but was still well bid at a discount of 1%, a level which brought it down broadly in line with secondary market prices of existing issues by the same borrower and which was comfortably within its total 1%

While the re-opening of the sector was certainly welcomed, yesterday's issue was not really expected to signal the start of a scramble to issue in Euroyen. Unfavourable swap rates mean that it is still far more efficient to issue in dollars and swap the proceeds into yea and the number of natural yea borrowers is lim-

Added to this is a persistent

general reluctance among investors to commit themselves heavily to the currency. itself and many have reportenty neer wanting for Japanese interest rates to rise.

Three new Canadian dollar deals emerged yesterday tak-ing the total so far this week to

over C\$400m. A total of C\$675m was issued last week. Although this represents a fairly heavy volume of new paper, investor appetite appears to be barely diminished. The sector has been baoyed by the strength of both the Canadian domestic market and the currency itself which is now approaching his-torically high levels against its US counterpart on the foreign

Yesterday's deals included a five year Childre for Ford Motor Credit Canada via Deutsche Bank Capital Markets

INTERNATIONAL BONDS

which was expected to appeal to the European retail hivestor base. It was bid just within its

hase. It was bid just within its total fees by the end of the day. UBS Securities led two deals both for Children. The Province of New Brunswick followed Saskatchewan and Quebec to the sector with a 10 year issue while a unit of Generale Bank made a five year issue. Paper at the longer end of the sector is still relatively scarce and the Canadian provinces are thought to be among the few borrowers able to tap the area. borrowers able to tap the area successfully. The New Brun-swick issue ended the day bid at a discount of 1.90 against

total fees of 2 per cent.

The Gentinance issue is guaranteed by the parent bank which is also joint lead on the which is also joint lead on the issue. The borrower has an extremely high profile among the smaller retail investors particularly in the Benefix countries which have continued to be avid buyers of the currency. The deal was quoted hid at a discount of 1.75 late yesterday, against fees of 2%.

The Borroman's sector had an appropriate leading the profit day and a

unusually busy day and a buoyant secondary market greatly facilitated the recopion of two new deals. IBJ Deutschland led a

DM100m 10-year deal for its parent Industrial Bank of Japan which met an extremely favourable reception, due partly to its terms which were considered generous with a boost from an upturn in sensiment in secondary market prices which rose by an average of arrend & point in brisk-good two way trade yesterday. The IBJ deal was trading confortably within its total fees by the end of the day.

A Darzonin five year floating rate note for the Bank of China via Commerciank also had a good reception although it is not expected that the issue will trade very whiely.

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aight Bonds. The yield is the yield to redemption of the mis-pe be agrount, issued is to caliform of currency maits except for

Portugal to issue £100m bulldog

WALES SOT

A 2100M 9 per cent issue by Portugal yesterday reopened the market for builded bonds UK domestic issues by for-eign borrowers — which has lain dormant since June 1986. While the issue is not expec ted to prompt a rush to tap the sector by similar non-UK names, the injection of fresh supply should provide a welcome boost to secondary mat-

ket liquidity. SG Warburg Securities is the lead manages on the Postagal deal which matures in 2016 and will be fungible with an existing £50m issue of the same maturity which was learnined in May 1986. This will make it the largest available leave from a sovereign burrower in the buildog sector. The new issue will be underwritten by Warburg, BZW, Raring Brothers and Samuel Montagu.

The issue was priced to yield grows redemption yield in the 9 grow. redemption yield in the 9 per cent Treasury stock of 2008. As in the case of gilt-edged stock issues and the original Portugal buildog issues, settlement for the new stock will be on a 24 hour basis rather than 7 days for conventional corporate form stocks.

The re-opening of the buildog market clearly caught the imagination of many members of the UK investment community who welcomed this amuli-

nity who welcomed this amplification of their choice of sovereign credit issues. Perceptions about the Portu-guese economy, with inflation guese economy, win mianen and memployment now on a clear downward trend, have greatly improved of late while the republic's entry into the European Community has also heightened its profile. The terms were desented were fully issue was deemed very fahly priced and was firmly placed in institutional hands not long The last builded bond was

The last building bond was issued by the European investment Bank more than two years ago. In the intervening period, non-UK borrowers showed little interest in tapshowed little interest in tapping the fixed rate domestic sterling markets which appeared relatively expensive to many of their alternative. However, the buildog sector remains one of the only markets, together with the US equivalent. Yankee market, where it is possible to launch such long dated issues. The World Bank is one hyprower such long-dated issues. The World Bank is one borrower which has often taken advantage of this feature, in the builded and Eurosterling sectors.

The ultra-long area of the sterling denominated bond market has performed well of late and many analysts believe that the sector could be due for something of a revival given the expected tightness of supply in the UK government bond markets. The paucity of paper in the ultra-long end of the glit market has prompted healthy demand for long dated corporate issues.

corporate issues.

Evidence of this can be seen in the success this week of a 10% per cent issue due 2032 of approximately £80m from MEPC, the property group, via BZW which became the longest unsecured corporate loan stock available in the UK domestic fixed interest market a reconf fixed interest market. A recent 200m issue due 2030 for Land Securities also went well. The current slope of the sterling bond yield curve also means that costs for top rated borrowers decrease in proportion to the length of the issue.

Few significant distinctions still separate the building and Eurosterling sectors for example although buildog form, many carry a bearer option more skin to Euro-is-

The Table

Tokyo rallies as interest rates nudged lower

ing an agreement on produc-

After falling sharply on Tuesday, all prices rose by 50 cents in New York, taking the

December futures contract to \$14.54 a barrel. Traders said

market fundamentals had not changed but the price rise rep-resented short covering and a technical rebound.

The Treasury's benchmark

30-year issue started the day slightly higher but quickly suc-cumbed to the rising oil prices.

It finished the day at at 1021, yielding 8.89 per cent.

The market was not given any guidance either by the lat-est figures on housing starts in

the US. They rose 1.5 per cent in September to an annual rate

Prices of UK government

bonds closed mixed after an

active session in both cash and futures markets. More than

39,000 contracts traded in the long gilt on the London Inter-national Financial Futures

Institutional switching out of

20-year maturities into maturi-

ties of roughly seven years made for a better performance in the short end of the market

than the long end, which fin-ished up to 3 point down.

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FT-ACTUARIES SHARE INDICES

BENCHMARK GOVERNMENT BONDS

NETHERLANDS 6.500 7/96 101.9250 +0.050 6.26 6.29 6.55

tions restraint.

By Stephen Fidler in London and Robert Vincent in New York

THE JAPANESE government bond market enjoyed a broad- **GOVERNMENT** based rally yesterday as the
Bank of Japan nudged
short-term interest rates lower
in the face of dollar weakness.
The Bank of Japan conducted a remobase operation of

ducted a purchase operation of three-month certificates of deposit at 4.60 per cent as issues were trading in the mar-ket at 4.66 per cent. The rate is particularly important for the benchmark bond because many holders fund themselves through the issue of threemonth CDs, the rate on which this often acts as a floor for

bond yields. The yield on the benchmark No 105 bond – with a 5 per cent coupon and maturing in December 1997 - finished in London around 4.69 per cent,

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London around 4.65 per cent, down 7 basis points on the day.
Other issues also rallied more than usual partly because of renewed speculation that there could be a change quite soon in the benchmark bond. A prime candidate for its replacement - the No 111 sue which carries a 4.8 per cent coupou and matures in June 1998 – showed a 13 basis point drop in yield, finishing at 5.20 per cent.

US Treasury bond prices slipped yesterday by as much as % of a point as oil rebounded ahead of today's Opec meeting, aimed at reach-

13.500 8.750 9.000

6.500

US TREASURY

PRANCE BYAN 9.000 OAT 8.500

GERMANY

CANADA"

9/92 9/97 10/08

Swiss **bankers** warn on duties

By William Dullforce

THE BIG Swiss banks will be forced to move their operations abroad if stamp duties on securities transactions are not removed and if capital adequacy requirements are not brought into line with those to be applied by the European Community, Credit e's top executives warned

yesterday.

A rapid revision of legislation was required, said Mr Robert Jeker, president of the executive board.

Mr. Hans-Jörg Rudloff, an executive board member, warned that a bank operating on a global capital market had to seek "the cheapest place of execution."
Switzerland imposes a wider

range of stamp duties than any EC country. Luxembourg has none, Belgium has abol-ished its securities sales tax for foreigners; and West Ger-many is thinking of doing away with its own version, Credit Suisse said.

Some of the capital requirements applied to Swiss banks were prohibitive by international compariso Assuming that the rules for the coming EC single market would be based on the proposals made by the Cooke committee in the Bank for International Settlements, Swiss banks would be burdened by

higher capital requirements for all foreign lendings. The present capital ratios applied to forward foreign exchange transactions and to holdings with other banks were particularly harsh for Swiss banks, Mr Jeker said.

The proportion of subordi-nated loans that could be calculated in capital ratios was also totally inadequate compared with those proposed by the Cooke committee.

Mr Jeker thought the Swiss federal authorities would adjust the capital requirements for Swiss banks but so far Mr Otto Stich, the Finance Minister, has refused to repeal stamp duties until he is offered an alternative source of tax revenue.

Mr Rudloff said Swiss franc bonds still make the second largest contribution after dol-lar bonds.

History lesson for lenders and defaulters

Stephen Fidler draws parallels between a debt crisis in the 1930s and one of today Portes of the CEPR, conclude

no credit and they thought therefore that they might as well cease payments on their external debt. There were many people who wished to devote sums now used to pay interest to the internal needs of the country and they were exerting strong pressure on the President and the Finance Minister to ceese payments."

INTERNATIONAL CAPITAL MARKETS

o those who have fol-lowed the debt crisis since it broke in 1982. this statement from a senior British banker in Brazil has a familiar ring. Yet it was made not in 1986, ahead of the Brazil-ian moratorium on foreign debt of February 1987, but in October 1936.

The Latin American debt crisis of the 1980s has many parallels with that of half a century earlier. But there were also sig nificant differences, the most important being the contrast in important being the contrast in lenders to the potentially defaulting debtors.

In the 1980s, the lenders which stood to lose most were commercial banks; 50 years earlier, it had been investors in bonds which had faced default.

It is now widely argued that medium-term bank loans at floating interest rates is a singularly inappropriate method of financing development, and

"The Brazilians knew they had that fixed-rate bond finance, no credit and they thought project and trade credits and equity investment are more

> Furthermore, it is also often suggested that the crisis in the 1960s has been protracted by tha intervention of western governments, worried about the potential for debtors to destabilise the international banking system - a problem for which there was no parallel in the 1930s.

> This argument suggests that because western governments did not intervene, debtors were able to default in the 1930s, allowing a sharp restructuring which cleared up much of their debt burden. In the 1980s, by contrast, western governments managed the crisis in order to maintain debt servicing and shore up the banking system, a move which prevented debtor countries from putting the cri-sis behind them.

A new study, Settling Defaults in the Era of Bond Finance published by the Centre for Economic Policy Research*, however, concludes that this view should be strongly qualified. Debt adjust-ments arising from default in the 1930s, in fact, took up to 25 years to conclude.
The anthors, Barry Kichengreen, of the University of Cal-ifornia, Berkeley, and Richard

that defaults in the 1930s were not always the short, sharp shocks they were subsequently made out to be. "Default in the 1930s was often partial and intermittent. Settlement was not achieved in a way that readily permitted countries to put the debt crisis behind them. Nor were creditor-coun-

try governments as disengaged as sometimes alleged." In the era of bond finance, foreign investment, trade and diplomatic relations were all complicated by default, and governments often put pres-sure on debtors to meet their bond obligations. When Peru missed an inter-

est payment on its sterling debt in 1940, the British Treasury wrote to the Peruvian Minister of Finance saying that if the payment were not met the UK Government "would be obliged to reconsider their pur-chasing policy towards Peru." The authors conclude that the contrast between the two periods was not in the extent of creditor-country government involvement but in the way that intervention all worked in a single direction. In the 1930s, the interests of private creditors and their governments diverged more. With the approach of Second World War, creditor governments were

more inclined to press for concessions from investors, lest debtor countries were pushed into the enemy camp.

Discrimination between different classes of creditors, notably between secured and unsecured debt, had an ambignous impact on the ease of settlement. It permitted servicing to be restarted on some obligations, but brought objections from some bondholders. Debtors often bought hack defaulted bonds too, but often at the expense of ill will on the part of small bond holders.

However, other factors helped to ease settlement. In the 1930s, the provision of trade credits and of long-term (ie. bond) finance were in the hands of different sets of creditors with divergent interests. In the 1980s, where banks perform both functions, the withdrawal of trade lines has been a strong disincentive to

aration between the govern-ment departments dealing with trade and those dealing with

"Finally, squabbling between different sets of national creditors and competition among their governments weakened the negotiating position of the creditors in the the 1930s and 1940s, unlike the 1980s when

for US major market index

(XMI) options traded on both

From October 24, newly-cre-

ated XMI options will only be

exerciseable once they mature,

XMI options can be exercised

before maturity.
The EOE said the existing

XMI series maturing November and December would continue

trading uormally under old

rules until they were exercised.

From December 19, all traded XMI series would be "Europe-

an-Style" with exercise upon maturity only.

Current "American-Style"

EOE said.

take a lead in Latin America as has Western Europe vis-a-vis the Eastern bloc.

There are further lessons for the 1980s. The study concludes: "If we had to single out one factor that facilitated the movement toward settlements in the 1940s and 1950s, it would not be the structure of the bargaining process or the form of government intervention but rather improvements in the international economic envi-

The strength of export mar-kets after the outbreak of war in 1945 and the subsequent and continued strength in commodity prices reduced the costs of settling defaults. When it appeared that the US stood ready to lend to these countries, the benefits of settling

increased. The key then to the resolution of the current debt crisis lies in the adoption of macroeconomic policies conducive to the maintenance of steady growth, open markets and financial stability," the study

*Settling Defaults in the Era of Foreign Bond Finance, by Barry Eichengreen and Richard Portes. Published by Centre for Economic Policy Research, 6 Duke of York Street, London SW1. Price £2.00 (\$4.00).

US exchanges introduce circuit breakers

By Deborah Hargreaves in Chicago

ONE YEAR after the stock market crash, US exchanges will today introduce co-ordinated circuit breakers to halt stock-related trading in any future downfall, following approval by Federal

regulators.
The plans by the New York and American stock exchanges and Chicago's futures exchanges link trading halts of equities with those of Chicago's derivative stock index futures to act as shock absorbers in any market

debacle. The circuit breakers, which were developed in response to last October's crash, put a series of trading halts in place when the Dow Jones Industrial Average and related stock index futures fall by a specified number of points.

The first break would be

declines by 250 points or the Standard & Poor's 500 stock index futures is down by an equivalent 30 points.

A second halt for two hours will occur in both markets if the Dow drops 400 points below the previous day's close. At the

markets for an hour if the Dow

same time, trading in stock index options will also stop once the circuit breakers have been triggered in the futures market. The exchanges have further

set a procedure for re-opening the markets, wherehy stock index futures will not restart trading until 50 per cent of the value of the stocks in the underlying index have started trading in the stock

These co-ordinated circuit breakers provide a much-needed link between New York operate in a very closely-reThe plans should eliminate confusion of the sort that limit on a price move in either direction for 30 minutes. reigned last October 20, when ● The Amsterdam-based European Options Exchange (EOE) has agreed with New York's American Stock Exchange Chicago halted its stock index futures in anticipation of a trading halt on the New York (ASE) "Europeau-Style" Stock Exchange, which never transpired. changes in the exercise rules

Approval of the plans was initially held up by the New York and American stock exchanges' insistence on similar trading halts being introduced by other domestic

exchanges. This clause has now been dropped, and other US exchanges have yet to formulate plans for their own circuit breakers.

In addition, the CME has its own price limits in place for

the S&P 500 index futures. These limit the contract to a five-point move in the first 10 minutes of the markets' trading and after that, the

Malaysia drops HK bank from housing bonds exchange imposes a 12-point

MALAYSIA has dropped the Hongkong and Shanghai Banking Corporation, the only foreign principal dealer, from the housing-mortgage boud market, Reuter reports.

Tan Keng Soon, the general manager of Cagamas, the national mortgage company which issues the honds, said the decision was made hy Bank Negara, the Malaysian ceutral hank, which gave uo reasons for the

Bankers said the directive from Bank Negara, which owns 20 per cent of Cagamas, mas, set up in 1986, issues bonds to hay housing loans from financial institutions in order to ease their liquidity.

activated to stop trading in both stock and index futures

LONDON MARKET STATISTICS

RISES AND FALLS YESTERDAY

	These Indices ar										
	EQUITY GROUPS _	W	/ednes	day Oc	tober 1	19.196	38	Tue Oct 18	Mon Oct 17	Fri Oct 14	(approx)
Fi	& SUB-SECTIONS igures in parentheses show number of	Index	Day's	Est. Earnings Yield%	Yield%	Est. P/E Ratio	nd adi. 1988	Index	fadex	fadex .	Index
•	stocks per section	No.	Change %	(Max.)	(25%)	(Met)	to date	No.	No.	No.	No.
·I	CAPITAL GOODS (Z10)	820.78	18.6	10.52	4,87	11.75		\$16.06	815.36	#16.51 1836 78	251.58
2	Building Materials (28)	1034.48	+8.8	11.76	4.26	19.47	27.52		1025,89	1426.79	1094.94
3	Contracting, Construction (38)	2264 20	18.7	11.49 8.94	1.60	13.62			1616.34 2329.86		1597.74 2169.45
4	Electricals (1.2)	1778 84	10.9	19.94	3.54	12.62			1754.03		1839.83
5		428.55	49.5	10.16	417	12.07	12.27	424.59	426.63	423.51	453.65
9	Ri Metals and Metal Forming (7)	495.981	48.2	9.00	. 3.90	12.61	18.06	474.79	497.55	496.42	
0	Motors (16)	284.50	10.5	11.39	4.62	10.23	8.32	284.56	284,75	283.06	331,13
10	Motors (26)	1372,16	10.7	9.42	4.45	12.28	43.06	1362.26	1364.77	1354.32	1442,87
21	CONSUMER GROUP (186)	1898.99	18.5	9.15	3.64	13.77	21.38		1093.71	1077.59	
22	PI Brewers and Distillers (21)	UT22'64'	10.5	19.27	3.57	12.28	23.00		1150.28	1133.75	
25	S Cood Manufacturing (21)	1 975.421	+1.2	9.43	3.85	13.99	19.54	967.94		943.12	865.12
26		1942.07	-63	9.87	3.47	24.55					
27	Health and Household (12)	14770.55	+0.5 +1.1	8.67	2.53	17.32		1398.12	1735.01	1913.00	17/2.42
29	Packaging & Paper (17)	ELE AS	+2.1	9.88	3.84	14.30	13.94	560.06	553.87	547.87	614.25
31		3587 74	+8.5	3.20	4.04	15.23	81.40			3383.85	
32 34	Stores (34)	773.641	+8.3	10.61	131	12.17	17.70	771.01	767.48	764.67	754.91
35	Toyelles (16)	524.74		13.22	5.29	8.88	13,82	523.17	_525.81	520.77	763.68
An	MATHER GROUPS (92)	i 914.701	10.4	11.84	4.46	11.95	22.12	911.35	913.23	985.84	968:48
43	Ageories (19)	1005.43	- +1.0	8.11	2.56	15.56	. 19.25	1874.29	1973.44	1949.87	
47	2) Chamicals (22).	П472.24 !	+0.7	11.90	4.75	10.07	37.50	1064.62	1065.67	1056.56	1244.52
43	ti Conniggoraties (12)	1262.66	+0.8	19.46	4.50	11.00		1252.54	1259.99	1253.68	
45	Shipping and Transport (12)	1792-17	#8.5	11.53	4.71	21.35		1557.85	1968.38 988.62	1954.85	2007.44
47	Telephone Networks (2)	961.81	-63	11.21	4.53	11.48	28.38 37.24	984.41 1232.55	988,62 1227,41	973.96 1214.77	968.87 1412.98
48		1234.62	+0.2	11.43	4.40	9.96					
	INDUSTRIAL GROUP (486)	990,05	+0.5	16,02	3.96	12.36	22,76		985.66		1033.49
51		1764.25	-0.5	18.68	6.30	12.04	76.79			1754.54	
59	500 SHARE INDEX (500)	2056.02	+0.4	10,11	428	12.33	27,28	1052_11		1641.38	
61	FINANCIAL GROUP (123)	784.95	+0.6	-	5.04	-	23.97	780.87	783.01	700.56	733.02
62	Banks (8)	691.68	+1.4	28.29	6.41	. 6.61	31.13	682.84	682.83	684.37	724.65
65	Insurance (Life) (8)	1006.39	0.1	:	5.27	-	39.41	1007.33	1004.35		1836.83
44	Insurance (Composite) (7)	541.72	-8.2		3.77	79.45	22.33	542.73	544.76	545.29	552.42 1838.39
67	Insurance (Brokers) (7)	969.92 340.24	10.8	9.19	4.32	13.45	9.20	962.43 337.95	959,44 338,48	335.99	444.75
68	Merchant Banks (1.1)	340.24 1242.71	+8.7 +8.2	3.44	2.66	23.40	17.65		12036		1113.62
97		374.34	+1.1	10.25	5.34	12.24	11.44	378.31	366.83	365.62	
<u> </u>	Luciania Trans (TT	936.25	+0.7		3.97		15.97	923.53	926.75	921.96	1014.24
1	Mining Finance (2)		10.7	18.64	3.64	10.47	15.57	573.84	-572.87	564.31	492.30
핚	Overseas Traders (8)	1352.50	-8.2	9,23	4.53	12.58	49.44	1354.91		1324.48	
쓹	ALL-SHARE INDEX (710)	968.26	10.4		4.35	-	26.62	964.35	165.05		1007.AT
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Lower tax lifts Hawker earnings

By Clare Pearson

HAWKER SIDDELEY, the electrical and mechanical engineering group, has reported a 10.25 per cent increase in interim pre-tax profits to £80.6m. But a lower Australian tax charge meant this translated into a near-15 per cent rise in earnings per share to

24.1p.

The company is also increasing its dividend for the six months to end-June by nearly 53 per cent to 8.4p (5.5p), in accordance with its new policy of paying about 40 per cent of the full year's amount as an interim. In 1987 it paid 19p. With turnover at £870m (£835m), margins at the trading level improved from 8.5 to 9.3

per cent, despite tough price competition in most areas. Thanks to Australia, where about 10 per cent of profits were generated, mainly in aircraft component activities, the tax charge fell by more than two per cent to 35.6 per cent.

Sir Peter Baxendell, chairman, said order book levels, even stripping out some "lumpy" contracts such as this summer's £120m three-year order from British Rail for locomotives, showed an "encouraging upward trend".

On the profit of at least £16m to be realised on the sale of Hawker's 65 per cent stake in Scottish whisky concern invergorden Distillers, which was

gordon Distillers, which was announced last Friday, Sir Peter said there were no spe-cific reinvestment plans at He said the company, which

had made about 30 add-on acquisitions over the last 18 months, would be "entirely happy" to make a purchase of around £200m. But small, private companies in the United States, of which it bought three in the first six months, were much easier to find. The company did not quantify the impact of acquisitions



Sir Peter Revendell: easier to find small companies in the US

during the interim period but said they should put in around a net £20m in the full year.
Mechanical specialised equipment, impeded hy reduced demand from British Coal, was the only activity to make a lower contribution Trading profits fell to £17.5m

(£19.3m).
Diesel engineering, hit by lower Middle Eastern demand in 1986, showed a continued recovery to £5.2m (£3.7m). The contribution from electrical distribution and controls, the only activity whose turnover fell - by 24m to 2220m -improved to 224m (£18.6m). Electric motors and generators put in £13.4m (£12.3m) and elec-trical specialised equipment £13.9m (£12.5m).

Other activities put in £6.7m (£4.8m), mainly reflecting a

strong performance from inver-gordon. The company, which was bought via the purchase of a majority stake in Cariton Industries ten years ago, will be sold to its management for £98m unless a higher bidder

See Lex

Thorn EMI Australian deal

By Clare Pearson

THORN EMI, electronics company, yesterday announced the second change in its Australian operations this week with the acquisition of a lighting fittings company for about ASSOM (£28m). The purchase of Howard Smith Industries follows Mon-

day's news that Thorn is selling its Australian defence electronics arm for A\$25m, due to a toughening environment for a toughening environment for director of Thorn EMI Light-foreign-owned contenders for ing, said that with the addition

Australian defence contracts. The acquisition also reflects Thorn's keenness to develop its lighting side on an international basis. Two months ago it bought Holophane, French industrial glass and lighting fixtures concern, for £87m, hav-ing defeated rival bidder Emess, a much smaller UK lighting company. Mr Hamish Bryce, managing

of Howard Smith, Thorn would have a strong platform for a sales thrust in the rapidly growing Asian-Pacific lighting

The exact price for Howard Smith has yet to he deter-mined, hut it will represent A\$25.6m over the book value of the net assets. The company, was described as "profitable" though no precise figures were available yesterday. Turnover

Heine reduces Lonrho stake

By Ray Bashford

HEINE SECURITIES, a New York investment business which manages a number of mntual funds, has reduced sharply its Lonrbo stake amid intense activity in the shares of the international trading

The Heine sell-off follows Tuesday's announcements that Bond Corporation, beaded by Australian Mr Alan Bond, has acquired a 4.13 per cent hold-

ing and that Mr Asher Edelman, the US corporate raider, has sold his 4.75 per cent stake. The New York group has cut its holding to 2.45 per cent, consisting of 11 Im shares, at a substantial profit. Heine has been on the Lourbo share register for three years and built

upits holding to a peak of 7 per cent a year ago.

The group said in New York
yesterday that the holding had

been acquired for an average price of 160p, and the average price of the shares just sold

This compares with yester-day's steady closing price of 374p. The shares were again traded heavily, with a turnover of 13m, although this was well below the 67m, representing about 7 per cent of the capital, which moved through the mar-ket on Tuesday.

US group raises stake in Avdel

By Nikki Tait

US-BASED Banner Industries has acquired a further 500,000 shares in Avdel, the former Newman Industries engineer-

Two months ago, Banner Two months ago, sanner paid £3.5m for an option over 35m Avdel shares (26.4 per cent of the equity) held by Suter, industrial conglomerate. The latest purchases, together with the existing stake belonging to Barner and its associate Transcontinental Services Group, many the US county pow means the US company now has an additional direct interest of 2.5m shares or another 1.96 per cent.

In New York yesterday, Mr Jeffery Steiner, chairman of Banner, declined to say what its plans might be. "Wa are exploring what our options might be," he commented.

Avdel shares gained 2%p to 77p yesterday. The option, which is exerciseable until January 15 and extendable thereafter, allows Banner to buy the Suter holding at 70p a share.

MMC in its submission to the OFT

By Lisa Wood

SCOTTISH & NEWCASTLE Breweries, which is fighting a £1.6bn takeover hid from Kiders IXL, was yesterday putting the final touches to its submission to the Office of Fair Trading.

The submission is expected to concentrate both on the financing of the hid and on a statement made by the Monopolies and Mergers Commission concerning brewers and acquisitions.

The MMC, in its 1985 investigation of S&N's first take-over hid for Matthew Brown over hid for Matthew Brown —
finally acquired by the Edinburgh-based brewer in 1987 —
said: "There may well be a
strong case, on public interest
grounds, against acquisition of
a regional brewer by any of
the five largest national tiedestate brewers." The five brewers were Bass, Allied-Lyons,
Whithread, Grand Metropolitan and Courage. tan and Courage.

tan and Courage.

Fears in the City over a possible referral of the hid to the MMC have depressed Sabi's share price, which closed last night at \$92½p, down 2½p.

Elders, which owns Courage, has offered 24 per share. Dealers yesterday said there was no evidence yet of Elders topping up its 9.65 per cent stake in Sah.

Elders, which plans to strip Sah back to its core brewing business should it acquire the hotel and drinks group, was

hotel and drinks group, was musted in response to yester-day's S&N's £42.5m invest-ment in Pontin's, the holiday camp business.

Mr Michael Foster, managing director of Courage, said it was surprising that S&N was buying into a business which was recently divested by Bass, its largest competitor in Scot-

IN BRIEF

IMTEC GROUP: Proposed financial restructure approved by shareholders at EGM. Under open offer of up to 22.25m new ordinary, applications received for 13.04m (58.6 per cent). Remaining 8.2m above taken up by one of the BCV investors in form of new preference ordi-nary. Following the restruc-ture, the BCV investors will hold 116.98m preference ordi-nary which will, following can-culation of the deferred shares,

enlarged capital.

MAI: Dolphin International has agreed to acquire 1,868 road-side poster display panels from Mag Investments and Mills &

S&N quotes | Mecca launches teatime raid on Pleasurama shares at 240p

By Philip Coggan

MECCA LEISURE, the bingo, holiday camps and nightclubs group yesterday launched a teatime raid on Pleasurama, the leisure company, buying shares at 260p.
The frenzied activity came

on the second closing date of Mecca's 2742m bkd, with market volume recorded at 17m shares. However, the buying took place after the market's 5pm close. The purchases reinforced the market view that the outcome of the bid would be very close.

Mecca announced at the weekend that it owned 41 per cent of Pleasurama's equity

and had acceptances for a fur-ther 14.3 per cent. Since then, Provident Mutual, the largest single shareholder in Plea-surama with 5 per cent, has accepted Mecca's offer. Takeover Panel rules allow.

Mecca to buy up to 15 per cent, giving it scope for purchases up to 10.9 per cent. Mecca is also able to extend the bid intil Saturday.
Yesterday, Robert Flaming,
one of the largest shareholders
in Pleasurana with more than

A per cent, amounced that it had decided not to back the Mecca offer. Mr John Emly, chairman and chief executive

and had acceptances for a fur-ther 14.3 per cent. Since then, Provident Mutual, the largest single shareholder in Plea-surama with 5 per cent, has over a period of years, and tak-ing into account the fact that we did not consider the Mecca offer to be a knockout price, we decided to back the board. Other institutions which have said they are not accepting the offer include Sun Alliance. TR Industrial & General, Clerical & Medical and Manufacturer Western

facturers Hanover. Mecca shares closed unchanged at 179p, whilst Plea-surama's rose 4p to 228p.

Raine extends Ruberoid offer

By Nikki Talt

RAINE INDUSTRIES, the housebuilder, has again extended its hostile offer for Ruberoid, the roofing materials

company, for a further week to October 25.

At yesterday's closing date, the hidder said it had owned or had received acceptances in respect of 26 per cent of Ruber-oid's equity — a drop from the 21 per cent claimed a week ago. The battle over Ruberoid between Raine and rival bid-der, Tarmac, now hinges on whether the Tarmac offer is referred to the Monopolies and

Mergers Commission.

Tarmac's offer, which is worth 280p a share in cash, is

recommended by the Enberoid board, and the two companies have said that they would both sell certain roofing felt subsidiaries in the event of a merger, in an attempt to counter

monopoly worries.
Lezards, advising Tarmac, said yesterday that these arrangements, which would be conditional on the Ruberoid bid going unconditional, were fairly close to completion. No appouncement has yet

been made by the Department of Trade and Industry over an MMC reference, however, although this is expected soon. In general, the DTI tries to clarify the monopolles position by the first closing date of an offer - in the case of Tarmac,

offer - in the case of Tarmac, next Tuesday.

Tarmac, mean while, revealed that it went back into the market for Ruberold shares on Tuesday, picking up 3.54m shares or 6.6 per cent at 270p. Some of these, the Tarmac camp has suggested, may represent shares previously assented to the Raine offer. This takes Tarmac's holding to 229 per cent and adding in 22.9 per cent and adding in irrevocable acceptances already secured, Tarmac says it now has control of 28.3 per cent of its target. Ruberoid shares were 10

lower at 262p.

FALKLAND

The Financial Times proposes to publish a Survey on the above on

7TH NOVEMBER 1988

For a full editorial synopsis and advertisement details, please contact:

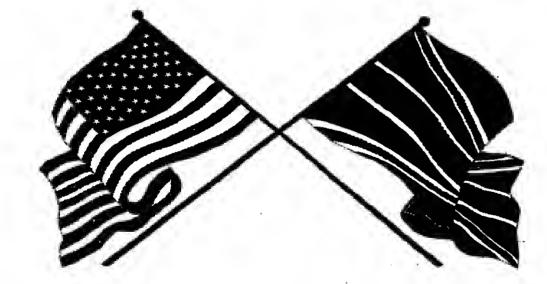
NIGEL BICKNELL

on 01-248-8000 ext 3447 or write to him at:

Bracken House, 10 Camon Street Loudon EC4P 4BY.

FINANCIAL TIMES

1 + Ford = Q1 Allen, both subsidiaries of Mai, for \$4.75m cash, and a small deferred payment. Completion is expected on November 1.



First Technology plc is proud to announce that its **Automotive Electronics subsidiary First Inertia** Switch Ltd. has just won the prestigious Q1 supplier award for Europe from Ford to add to it's Q1 for North America. A unique double tribute to our technology and quality from one of the worlds most successful and discerning carmakers.

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Fleet Mill, Minley Road, Fleet, Hampshire GU13 8RB Telephone: 0252-622-100. Contact: Dr. Fred Westlake (Chairman)

DIVIDENDS ANNOUNCED

Current payment	Date of payment	ponding dividend	for	last year
5.5	Nov 22	5	-	14.5
	Dec 9	2.5	'	. 6
8.4	Dec 30	5.5		19
3		3	-	9.7
41	Dec 21	3.2*	-	7,2"
0.8	•	0.8	1.3	1.3
4.5	Jan 5	3	-	6.5
	-	1.9		6.9
	5.5 3 8.4 3 4.7 0.8 4.5	5.5 Nov 22 3 Dec 9 8.4 Dec 30 3 4\$ Dec 21 0.8 4.5 Jan 5	Current payment Date of ponding payment dividend 5.5 Nov 22 5 Dec 9 2.5 8.4 Dec 90 5.5 3 - 3 41 Dec 21 3.2* 0.8 4.5 Jan 5 3	Current payment dividend for payment payment dividend year 5.5 Nov 22 5 3 Dec 9 2.5 - 8.4 Dec 90 5.5 - 3 - 3 - 3 - 41 Dec 21 3.2 - 0.8 1.3 4.5 Jan 5 3 -

Dividends shown pence per share not except where otherwise states "Equivalent after allowing for scrip issue, tOn capital increased be rights and/or acquisition issues. SUSM stock, SELinquoted stock, 6Third

BOARD MEETINGS

The following companies have r	and the latest
of board meetings to the Stoc	k Exchange.
Such meetings are usually haid some of considering dividends. O	
tione are not available as to	whether the
dividends are interims or finals dividens shown below are base	
Sast year's Emetables.	

WEST GERMANY

The Financial Times proposes to publish this survey on

Monday, 31st October 1988

London REAP ARV

FINANCIAL TIMES

CORPORATE SECURITY

The Financial Times proposes to publish this survey on:

22nd November 1988

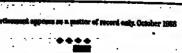
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> Mark Jones on 01-248 8000 ext 3565

or write to him at:

Bracken House 10 Cannon Street London EC4P 4BY

FINANCIAL TIMES



THE SHIELD GROUP PLC

£8.500.000

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- CHARTERHOUSE BANK LIMITED

Credit Agricole, London Branch

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25 Armitage and Rhodes
36 888 Design group (USM)
155 Bardon Group

533 147 George Stair

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Gulf Guarantee Bank ple

Gulf Guarantee Trust Limited is pleased to

announce that its name has been re-registered

under the Companies Act 1985 as a public limited company and is now incorporated under

the name of

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Registered address: 139 Park Lane, London W1Y3AB

Telex: 25946 Telephone: 01-493 1969

Correction Notice

Notice of Early Redemption

Första SparBanken

U.S. \$40,000,000 Subordinated

Floating Rate Notes Due 1990

Notice is hereby given that in accordance with Clause 7(b) of the Terms and Conditions of the Notes, the Issuer will redeem all of

the outstanding Notes at their principal amount on 16th November, 1988, when interest on the Notes will cease to accrue.

Repayment of principal will be made upon presentation of the Notes with all unmatured Coupons attached, at the Offices of any

Accroed interest due 16th November, 1988 will be paid in the normal manner against presentation of Coupon No. 11, on or after 16th November, 1988.

Agent Bank

- Facsimile: 01-409 1251

Gold Fields in anti-trust suit against Oppenheimer

the diversified UK mining group struggling to fight off a \$2.9bn bid from the Oppenheimer family group of South Africa, is seeking to convince the US courts that the Oppenheimers are bent on a monopoly of the world gold market.
On October 21, a New York court will hear arguments on an aggressive anti-trust suit filed by Gold Fields and three

It alleges that a takeover would give Mr Harry Oppen-heimer's diamend and goldmining interests control of a third of gold production out-side the Communist world. In documents filed in a dis-

trict court in New York late on Tuesday, Gold Fields alloged that the Oppenheimer interests represented in South Africa's Anglo American and De Beers groups and Minorco of Luxembourg, which is making the bid - were trying "to achieve in the gold market what they already have achieved in the diamond mar-

ket — a monopoly". The lawsuit, which demands an immediate injunction

Allied Irish

rejects offer

ALLIED IRISH Banks received

a setback to its US expansion plans yesterday when First

Maryland, its 49 per cent owned affiliate, rejected its

offer to buy the remaining 51

First Maryland said the com-

mittee of its board set up to evaluate the \$35.25 a share bid

had decided that it was inade-quate. This was based on the advice of Salomon Brothers

and Alex Brown and Sons, its.

investment bankers.
But the bank said the committee had directed its finan-

cial and legal advisers to con-tinue discussions with Allied Irish to negotiate improve-

"In Dublin, Allied said it was
"disappointed" by the
announcement, but reaffirmed
its belief that the offer was
"full and fair" and beneficial
to the shareholders, customers

and employees.
Allied said it intended to

pursue its offer and would con-

tinue discussions with First

announced simultaneously

Klark-Teknik

profits for year

slip to £976,000

Klark-Teknik, USM-quoted

0.8p for an unchanged total of-

They said the present finan-cial year had started well, though they expected most growth to be achieved in the second half.

They intended to seek

They intended to seek authority to write-off against the share premium account

goodwill arising from the acquisitions of Celco and Milas:

I£110m rights issue.

ments in the offer terms.

By David Lascelles.

Banking Editor

per cent.

affiliate

Consolidated Gold Fields Share price (panul) 1300 An 1200

The Gold Fields camp retorts that the company has half its assets in the US and that much of its stock is held by Ameri-

Beers was sued by the Justice Department in 1945 and inves-tigated by the Federal Bureau of Investigation in the late-1960s for its role in the dia-

CWF receives approach to buy A&M holdings

By Philip Coggan

CITY & WESTMINSTER Financial, the corporate finance company run by Mr Andrew Greystoke, said yester-Andrew Greystoke, sain yesterday it had received an approach from a party wishing to purchase its holdings in A&M, the furniture hire and TV prediction group.

CWF owns 7.2 per cent of the

ordinary equity, has options over a further 4.8 per cent and holds £250,000 nominal of con-

but it is not anticipated that a general offer would be made for the company. Mr Bryan Flinn, the "company doctor" brought in by CWF, will con-tinue as chairman.

A&M lost £1.7m last year and was close to receivership before CWF arranged a £2.8m convertible loan stock issue. Mr Greystoke said CWF was now willing to sell because it had achieved its goals of injecting new management and help-The potential buyers are ing the company to be turned interested in developing A&M round.

Marler disposes of stake in Zurich Group

MARLER ESTATES has sold its 6.7 per cent stake in fellow property company Zurich Group to Freehold Trading, a Jersey based investment com-

my. Mathermoquical its stake for Ecobric Holdings, the demolition company. Zurich Maryland. The \$340m (£194m) bid was made on September 12 as part of Allied's strategy to reversed into Ecobric earlier this year, in a package which diluted Marler's stake from 64

per cent to 8.7 per cent. Mr Malcolm Wright, chairman of Zurich, and Mr Robert Noonan, chairman of Marier, both said they did not know the identity of the investors behind Freehold Trading.

Meanwhile, Mr Andrew Millar, the former chairman of Benlox Holdings, sold a 4.2 per cent stake in Zurich, though he retains an option over the

Cifer goes on the bid trail

By Philip Coggan

Cifer the USM-quoted electronics company, has made its first acquisition since it

announced a reconstruction package in August. It is buying the business and assets of ATS Communications, a communication equip-ment manufacturer, from the receiver for £788,000 cash.

Mr Bill Weinstein, a management consultant, led a consortium which acquired a stake in Cifer as part of a £2.5m recapi-talisation package two months

Cifer had been struggling since 1984 and is forceasting a

Quadrupled Hunting Inds up to profits, By Vanessa Houlder

issue, an energive rise of 25 per cent. The interim is being lifted to 4p (3.2p).

Turnover was almost static at £168.35m (£166.15m), reflecting the end of the sharp growth in sales achieved by the defence division in the last three years. Profits, however, improved since the maturity of contracts such as the JP233 runway bomb enabled Hunting to take a larger share of profits on the contract and improve

its production efficiency.

Contribution from defence

The aviation support busi-

aircraft sales.

Profitability of the remainmonthe

IN BRIEF

CHILDRENS MEDICAL net asset value of 97.1p at June 30 (115.6p). Net revenue for six months £31,226 (£39,941). FIRST CHARLOTTE Assets Trust reported net asset value

expectations at £9m

Hunting Associated

1986 1987

way bomb and LAW 80 anti-ar-

mour weapon - now approach-

ing their peak, attention is increasingly focussed on what will happen at the end of the JP233's life in two years time.

But Hunting's answer to the problem looks a convincing one. For one thing, it has a

good chance of winning export

another bulwark against a

decline in its defence business.

Hunting aims to build up its

newly-acquired electronics

business into a third major leg. All in all, the risk of a contrac-tion in defence profits in the early 1990s is tempered by secure short term growth and

long term potential. That

makes the rating of 9, assuming full year profits of £22m, look undermanding.

OUR OTHER AD

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Industries

Share price (pence)

A NEAR 26 per cent increase, from £7.13m to £8.97m, in pre-tax profits for the first half of 1988 is announced by Hunting Associated Industries, the defence, electronics and aviation support group.

Results were in line with analysts' expectations and the share price rose by 1p to 393p.

The company said it was confident the growth in profits would continue, with the sec-ond half showing an improve-ment both over the first and over the same period in 1987. That would allow the year's dividend total to be held at 9p on capital increased by the srip ssue, an effective rise of 25 per

and engineering activities increased, although it was reduced by a decision to exclude interest income from customers' downpayments until the contract was paid for. This decision was taken because the size of the downpayment often affects the value

Hunting Petroleum Services, the principal related company, increased profits by 33 per cent to about £100,000. Earnings per share increased by 29.3 per cent to 19p on a fully diluted basis.

The life of the defence contrac tor risks being a feast or fam-ine affair. With Hunting's main moneyspinners - the JP233 run-

of 14.65p at the end of the six months to June 30, against 14.01p at the end of the year to

NORTHERN ROCK BUILDING SOCIETY

£100,000,000

Floating Rate Notes Due 1995 of which £75,000,000 is ed as the Initial Tranch

12.125% per annum Interest Period: 18 October, 1988 to

> £5,000 Note due 18.01.89: £152.81

18.01.89: £1,528.08

orders for the LAW 80. For another, it has an even chance of securing a major contract for the SWAARM - its contender for the next generation of airborne anti-armour weapons. Hunting is now one of two candidates to win the contract,

and while the decision is not for at least another year. Hunting seems likely to be given a further development contract in the meantime. As yet of the total contract.

nesses increased profits, although the Canadian side made a lower contribution as a result of the absence of new

ing resource survey and photographic businesses improved, and profits were further boosted by a £1m trading profit on the sale of premises occupied by resource survey companies. The losses at the composites business were reduced from £800,000 to £250,000 and were expected to be reversed in the course of the next eighteen

O COMMENT

per cent of the convertible loan stock.

The Imry Merchant Developers Group

to develop

a proposed 2,000 acre mixed use development in Ashford, Kent.

were arranged by the undersigned.

Goldman Sachs International Corp.

CONSOLIDATED Gold Fields.

against the offer, is part of a three-pronged offensive in the US. Gold Fields has already petitioned President Reagan to block the takeover on the grounds that it will endanger US access to such strategic minerals as rutile and zircon.
which are mined by Gold
Fields' Australian affiliate, lenison Gold Fields. Gold Fields is also lobbying

takeover could damage its local subsidiaries by putting them under South African control. Independent lawyers in New York said yesterday that Gold Fields must first establish that the court has jurisdiction over the bid, which is for a UK-based company by a Lux-

According to the lawsuit, De

mond market.

in the mid-1970s, a subsidiary of De Beers settled civil and criminal proceedings over alleged price-fixing in the diamond drill business.

Gold Fields is confident it can convince the court of the anti-trust implications of the bid. "We know a bit more about this organisation than the Justice Department," an official said.

£14m rights and £4.3m buy at Sims

By Clare Pearson SIMS FOOD Group, the USM-quoted meat producer run by Mr Ron Randall, is raising about £14m through a two-for-seven rights issue and is adding Russell Meats to its growing stable of companies. Yesterday's announcement

came as Sims unveiled pre-tax profits for the six months to eptember 30 np from £487,000 to £2.2m, reflecting Mr Ran-dall's rapid injection of new He took control, initially through the acquisition of a

majority share stake, in June last year.
Mr Randall said the firsthalf performance belied earlier fears that sales would be adversely affected by higher beef prices arising from the

imposition of milk production Despite a 15 per cent price rise, demand was no more than seasonally down, he

maintained.
About 60 per cent of the profits advance in the six months to the end of September came from acquisitions. Turnover rose to £60.57m

(£11.57m).

Earnings per 5p share worked through at 8.6p (6.93p), and a 2.4p (1.9p) interim dividend is being paid. Sims' shares fell 30p to 258p on news of the rights issue, which is of 4.62m new ordi-

which is of 4.62m new ordi-nary shares at 310p each. The bolding of Mr Randall and his family, who will be taking up only part of their entitlement, will fall to about 10 per cent. Most of the proceeds of the rights issue will be used to eliminate the enlarged group's £9m-worth of indebtedness. Sims expects to continue to invest substantially in plant and equipment, especially to expand its controlled-atmosphere packing of meats for supermarket sale. Russell Meats, based in the

South of England, is being bought for £4.29m, of which £2.45m is payable in cash and the remainder in 504,100 new Sims ordinary shares. The company processes and dis-tributes beef, poultry and game for the hotel and cater-

ing trade. The purchase of Russell repesents Sims' fifth acquisition since Mr Handall, who chaired Meadow Farm Produce prior to its takeover by Hillsdown Holdings, took control. He held stakes in two of the companies acquired.

Delta expansion in Australia

Delta Group, the engineering and electrical equipment company, has acquired Cutting Edges, an Australian supplier of ground engaging tools and earthmoving equipment for A\$12m (£5.6m). Cutting Edges has smural sales of A\$15m. Delta said that the acquisi-

tion complemeted its activities in the manufacture and distribntion of consumables for net loss of £210,000 this year. Australian industry,

BM sells James Neill stake after failing to agree deal

Klark-Teknik, USM-quoted-designer and manufacturer of electronic equipment, raised turnover by 17 per cent from £4.49m to £5.25m in the year to July 31. But operating profit was reduced from £1.09m to £936,000.

After lower interest received of £40,000 (£52,000), pre-tax profit slipped to £978,000 (£1.14m).
Earnings per 5p share came out at 3.9p (4.5p). The directors have recommended a maintained final dividend of

IN A move which did little to quell the bid speculation sur-rounding James Neill, BM Group said yesterday that it had sold its 4.87 per cent hold-ing in the hand and garden

and chief executive of BM, said the decision to sell was taken because BM falled to make an agreed deal with James Neill. "We were unwilling to jeopardise our shareholders' positions by making a hostile bid," he

because we were a tougher nut to crack than they thought," he said. "We have a cracker-jack set of institutions backing us up." Although analysts believe that the stake, which was sold through Albert E Sharp, may

tool manufacturer. Mr Roger Shute, chairman

Mr Peter Bullock, group chief executive of James Neili, welcomed the decision not to pursue a hostile bid. "They have thrown in the towel

was revealed.

In mid-September, when
James Neill announced a drop
in pre-tax profits from £3.82m
to £2.71m for the first six months of 1988, the share price have been split np, it is

thought possible that another hostile shareholder will emerge. James Neill's share price fell by 6p to 224p after the announcement, at which level it is substantially above the 201p price at the end of September just before BM's stake

March 31. Gross revenue was £181,000 (£158,000) and pre-tax profit rose from £31,000 to £104,000. After tax of £30,000 (£16,000) earnings per 5p share were 0.1p (0.02p).

GRESHAM HOUSE increased pre-tax profit to £431,000 (£347,000) for first half of 1988. Earnings were 6p (5.2p) and interim dividend 3p (2.5p). Divi-dend and interest came to £395,000 (£399,000), rental income £430,000 (£485,000), subsidiaries contribution £514,000 (£464,000). Erskine House has made offer for Quest, and Gresham accepting in respect of its 19.5 per cent holding. PLANTATION TRUST: CDFC

Trust and concert parties have extended offers until November 1. CDFC speaks for 45.5 per cent of the ordinary and 20.7

YEARLING BONDS totalling 20.5m at 11% per cent, redeemable on October 25 1989, have been issued by the following local anthorities. Tamworth Borough Council £0.25m: West Lancashire District Council £0.25m

interlocating (UK) Limited and Street, Birmingham, B15 1ED Tel: 021 632 4222

NEDA Limited

has formed a joint venture with

Ashford Great Park

This transaction, and the related financing.



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NEC Corporation (Nippon Denki Kabushiki Kaisha)

NOTICE TO HOLDERS OF

(Formerly Nippon Electric Co., Ltd.) U.S. \$80,000,000 51/4 per cent. Convertible Bonds Due 1997

Pursuant to the provisions of Condition 5(C) (xii) of the terms and conditions of the above Bonds, you are hereby notified as follows: 1. On 19th October, 1988 NEC Corporation Issued Yen -120,000,000,000 convertible debentures, upon conversion of

which Shares of the Company will be issued at Yen 1,985 per 2. As a result of such issue the conversion price of the Bonds was adjusted, in accordance with condition 5(C) (iv) of the terms end conditions of the Bends, effective as of 19th October, 1988, from Yen 696.20 to Yen 695.20 per Share.

NOTICE TO HOLDERS OF

NEC Corporation

(Nippon Denia Kabushiki Kaisha)

U.S. \$150,000,000 27/s per cent. Convertible Bonds Due 2000

Pursuant to the provisions of Condition 5(C) (xii) of the terms and conditions of the above Bonds, you are hereby notified as follows:

 On 19th October, 1988 NEC Corporation issued Yen 120,000,000,000 convertible debentures, upon conversion of which Shares of the Company will be issued at Yen 1,985 per 2. As e result of such issue the conversion price of the Bonds was adjusted, in accordance with condition 5(C) (iv) of the terms and conditions of the Bonds, effective as of 19th

October, 1988, from Yen 1,295 to Yen 1,293.10 per Share.

18 January, 1989

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and now. he cannot bear to turna corner



So:-foot-four Sergeant 'Tiay' G'T' n'e, DCM, was perhaps the bravest man his Colonel ever knew.

But now, after seeing service in Adem, after being booby-trapped and ambushed in Northern Ireland, Sergeant 'Tioy' cannot bear to turn a corner. For fear of what is on the other side.

It is the bravest near and women from the Services that suffer most from metal breakdown. For they have tried, each one of them, to give more, much more, than they could in the senting of our Corner of the Corn

breatonwn. For they have cred, each one or users, to give have, much have, which have an expression the service of our Country.

We look after these brave men and women. We help them at home, and in hospital. We run our own Comatecent Homes and, for those who are homeless and cannot look after themselves in the community, our Hostel gives permanent accommodation. For others there is our Veterans' Home where they can see out their days in peace.

These men and women have given their minds to their Country. If we are to help them, we most have funds. Do please help us with a donation, and with a legacy too, perhaps. The dubt is cannot be all of the

"They've given more than they could - please give as much as you can". To protect those concerned, this is an asseggen of sweet such case bistories of Patients in our case.

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before 4 November 1988. The Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited has granted permission to trade the ordinary shares of the Company on the Third Market. Dealings in the ordinary shares are expected to commence on 21

Copies of the particulars of Edinburgh Hibernian plc have been circulated in the Extel Third Market service. Copies are also available

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20 October 1988

CGS Securities Limited 20-25 Glassbouse Yard London EC1A 4JN

asped and

UK COMPANY NEWS

Ptarmigan makes two acquisitions

By Clare Pearson

PTARMIGAN HOLDINGS, the ness in August last year. These acquisitive foods company with substantial interests in fish farming which changed its name from Squirrel Horn last year, yesterday announced the ases of a Welsh cake decorating company and a north Staffordshire hotel for a maxi-

It is partly financing the deals through an issue of 3.72m new shares, representing 38 per cent of the enlarged capi-tal.

Ptarmigan also announced its first set of results since the sale of the loss-making Squir-rel Horn confectionery busishow a return to profits of £114,000 for the first half of the year (loss £93,000), and from earnings of 1.4p (loss 1.9p) there is an interim dividend of 0.25p - the first payment for

The hotel is the Bank Hotel, Uttoxeter, and is the second bought by the company this year. Mr Patrick Fox, managing director, explained the aim was to build up a cash generative arm to complement the

makes artificial flowers and dovetails with Mary Ford, a company bought earlier this year, he said.

All but 694,444 of the new shares are being placed on behalf of the vendors at 72p, with clawback arrangements for existing shareholders. The entire £500,000 payment for Bank is being satisfied through

this placing.
The £2.5m initial consideration for Gainsborough is being partly financed by an heavily cash-consuming fish farming side.

The decorating company is Gainsborough Flowers, which the string party for index of up to £1.5m, to be satisfied as to 60 per cent in loan notes

bringing expertise and equity, by Chieftain's founder Mr Tony Fairlamb. The three had met

working at Cape Contracts, a subsidiary of Cape Industries, the UK's largest insulation

Pre-tax profits have risen

from £3,000 on sales of £412,000

in 1984 to profits of £356,000 on

turnover of £6.81m last year.

The company forecasts it will

make pre-tax profits of not less

than £1m for 1968 which puts it

on a prospective p/e ratio of

After the sale of some

their existing holdings, Mr Wardle will hold a 33 per cent stake in Chieftain, Mr Taylor

17 per cent and Mr Fahlamb 14

increased its interest from

6.73m to 7.57m ordinary (24.68

holds 2.09m ordinary (12.77 per

762,791 ordinary (4.67 per cent).

(6.64 per cent). Walker Greenbank- E.M.

Freedman disposed of 2.87m ordinary and is now interested

Splash Products F.J. Porter

per cent).

and 40 per cent in shares, depends on Gainsborough's profits over the next three

Gainsborough has warranted pre-tax profits of not less than \$325,000 for the year to end-September. The freshold prop-erty and assets of Bank have been valued at \$485,000.

Ptarmigan group results included six months from fish farming and from G.A. Stadler, the sausage skin manufac turer, but only seven weeks from Mary Ford and Provincial Butchers Supplies, the North-ern Irish wholesale supplier. Turnover was \$1.2m (\$3.76m).

Chieftain's £7.6m USM quote

By Flora Thompson

CHIEFTAIN GROUP, supplier of specialist insulation and fireproofing services, is joining the Unlisted Securities Market via a placing which values the company at £7.6m.

Hoare Govett is placing 3m shares, representing 36.3 per cent of the enlarged equity, at 22p. Existing shareholders are selling 2.26m shares and the 744,000 new shares will raise, after expenses, £440,000 for the company for future expansion.

Chieftain provides three nain services. On the insulation side it supplies and applies insulation materials and finishes; supplies and fits metal cladding, plywood and other board material to pipes, valves, tanks and ducting; and removes insulation including

The company also supplies and applies fireproofing mate-

Changes in the following company share stakes were

Aaronson Bros- Scottish

Amicable Investment Managers has increased holding from

1.87m to 2.27m ordinary (6.18

Cliffords Dairies Coombe

Farm Foods Holdings acquired

126,800 ordinary (5.67 per cent). Frogmore Estates-Mar-kheath Securities holds 3.26m

Futura Holdings- Selective Investments has sold its entire

holding of 97,350 ordinary

ordinary (8.26 per cent).

announced recently:-

per cent).

rials including fire resistant paint, cement and mineral fibre to steel structures of and joint managing director buildings and plant, and supplies fire barriers.

The third division, outfitting, erects floors, ceilings, and par-titions; installs cold stores; installs furniture and fittings; and fabricates and erects duct-

Insulation and fireproofing customers include refineries, petrochemical, pharmaceutical, food processing and gas plants, power stations and distilleries. On the marine side, Chieftain provides insulation, fireproof-ing and outfitting services to the shipbuilding and ship repair industries, and for the offshore oil and gas industries, particularly for accommodation modules.

The company was founded in 1979 and after a management

SHARE STAKES

(12.94 per cent). Havelock Europa- Mackays

Stores disposed of 827,500 ordi-

nary (5.2 per cent) reducing its holding to 2,000 (less than 1 per

Inter Group-Bolton House Securities disposed of 1m shares reducing holding from

Leisuretime International-Globe Investment Trust pur-

chased 2.31m ordinary and now

holds 4m ordinary (9.75 per

Steel Pension Fund has

Manders (Holdings)- British

16 per cent to 14 per cent.

six months and joint managing director with Mr Bill Taylor. Both had been invited to come aboard,

achieved by Henry Boot & Sons in the first half of 1988 with pre-tax profit rising 21 per cent, from 2931,000 to

said the private house build-ing and property development companies had continued their profitable expansion. Property investment had maintained a solid contribution

In building and civil engineering work competition had remained intense. The plant hire side had held its own. Additional rationalisation had been effected within the railway engineering compa-nies. Currently there was a reasonable order book for the home market but delays had occurred in winning overseas work. The track-laying contract in Hong Kong was com-pleted on time, while the joint venture contract for the Mass Rapid Transit Corporation in Singapore continued to meet

cent). R. Stanion disposed of 400,000 ordinary at 58p per share leaving his holding at Throgmorton Dual Trast-Cornhill Insurance has pur-chased 232,500 capital shares in 4m ordinary (4.42 per cent). other depressed areas.

Henry Boot tops £1m at

FURTHER PROGRESS Was

That was generated on turnover only 12 per cent ahead to 277.03m. Earnings came out at 15.2p (13.7p) and the interim dividend is up to 5.5p (5p). Mr David Boot, chairman,

Mr Boot said the effort and time expended on the training company continued to benefit the group and the industry as a whole. The inner city company was building up a repu-tation which should leave the group well placed for regener-ation work in inner cities and

EUROPEAN INVESTMENT BANK

Ptas. 20,000,000,000 10.35 per cent. Bonds due 1998 Issue price 100 per cent

BANCO BILBAO VIZCAYA

BANCO DE CREDITO INDUSTRIAL BANCO ESPAÑOL DE CREDITO (BANESTO) BANCO EXTERIOR DE ESPAÑA BANCO HISPANO AMERICANO, S. A. BANCO SANTANDER DE NEGOCIOS BANK OF AMERICA, S. A. E.

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> PAYING AGENT: BANCO BILBAO VIZCAYA

> > October, 1988

This announcement appears as a matter of record only

Lerose down to £0.53m

HOUSE OF Lerose, which ing knitwest.

Excerienced a profits downturn

The half-year saw turnover experienced a profits downturn in both the first and second halves of the 1987 year, continued to suffer in the opening half of 1988 with pre-tax figures for the period emerging £173,000 lower at £529,000. The directors said that in the

UK, retail mergins were adversely affected by higher costs on new shops not yet matched by turnover growth the group's main activity is the design, manufacture and sale of ladies' fashionwear, includ-

improve to £9.09m (£8.63m), the increase coming mainly from UK garment manufacturing where actions to develop other markets in addition to the company's other traditional one were bearing fruit

Earnings worked through at 5.3p (7.2p) and the interim divi-dend is a same-again 3p per 25p

For 1987 as a whole pre-tax profits fell from £1.82m to

WEST GERMANY

The Financial Times proposes to publish this survey on:

Monday, 31st October 1988

For a full editorial synopsis and advertisement details, please contact:

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FINANCIAL TIMES

PUBLIC WORKS LOAN BOARD RATES

	Effecti	ve Oct	ober 19		r marij	
1	10 ⁵ s 10 ⁵ s	A11 10 ¹ 2 10 ³ 8 10 ¹ 4 10 ¹ 8 10 ¹ 8 10 ¹ 8 10 ¹ 8	10 ⁵ g 10 ¹ 4 10 ¹ 8 10 ¹ 8 10 ¹ 8 10 ¹ 8 10 ¹ 8 10 ¹ 8 10 ¹ 8	1152 1153 1154 1155 1053 1053 1054 1055	11 ¹ 2 11 ³ 4 11 ³ 4 10 ⁵ 5 10 ⁵ 5 10 ⁵ 5 10 ⁵ 8	113 107 107 107 107 107 107 107 107 107 107
Over 10 up to 15 Over 15 up to 25 Over 25	95 93	91 ₂	81* 81* 815	10 ⁵ 2 10 ¹ 2 9 7 3	10	94

"Non-quota loans B are 1 per cent higher in each case than non-quota loans A. †Equal instalments of principal. †† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

Runciman ahead and on target to hit £3.8m forecast

WALTER RUNCIMAN, the North Sea container services. shipping, security and insur- This incurred losses in the first ance group that fought off a half as expected but is now bid from Telfos Holdings in the trading profitably. summer, vesterday amounced

37 per cent rise in pre-tax
had started strongly and profprofits to £1.81m (£1.32m) for
the six months to since 36.

Mr Garry Runchman, chair the first half.

Mr Garry Runchash, chairman, said that these "excellent" results and the group's prospects for 1989 and beyond fully justified the support from shareholders during the bid. The results, which have the fully justified the support from shareholders during the bid.
The results, which heave the company on target to meet its full year profits forecast of \$23m, left the share price unaltered at \$25p.

The \$20m bid be \$200.

FAR FAS

Sec. The party of

S3.8m, left the share price unai-tered at 325n.

The 230m bid by Telfos Hold-ings, a diversified engineering company, which offered paper agency bisiness.

An extraordinary mem of on this sale, less the loss on the closure of a shipping company, which offered paper agency bisiness.

An extraordinary mem of on this sale, less the loss on the closure of a shipping or 328p in cash for each Runci-man share, failed in Angust 560,000 resulted from redun-after Telfos securited 49.7 per

cant of Sunchmen.

Mr Runcimen said that all Earnings per share increased the group's operating compaby 36 per cent to 183p. The nies performed well with the interim dividend was raised by exception of Currie Line's 50 per cent to 4.5p (3p).

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY- Indices of Industrial pr (1985 = 100); engineering orders (5 billion); retail sales value (1980 = 100); registered unamploymen 135.5 128.3 134.8 136.3 136.5 136.4 136.6 136.4 146.1 146.1 CRITPUT: By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, textiles and ciotising (1986 - 190); housing starts (000s, monthly average). 163.2 186.6 184.5 187.7 167.8 168.4 19.8 111.5 100.4 105.8 111.7 110.2 110.1 103.5 100.4 106.0 100.1 100.1 210.5

110.5 100.6 100.2 100.0 110.0 101.0 EXTERNAL TRADE-Indices of export and import volume (1865-100); visible belance current belance (1905-100); of belance (1905-100); of belance (1905-100);

CHANNEL ISLANDS

The Financial Times proposes to publish this Survey on the above on

THURSDAY 15TH DECEMBER 1988

OVERVIEW FINANCE INDUSTRY
OFFSHORE FUNDS. INVESTOR PROTECTION
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FINANCIAL TIMES

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- Average rand gold price 6% higher
 Average yield 5% higher
 Costs increase by 5,7% following the
 - annual wage increases
- Total net income 11,7% higher
 Production up by 5,4%

GOLD MINING COMPANIES' REPORTS FOR THE QUARTER **ENDED 30 SEPTEMBER 1988**

All companies mentioned are incorporated in the Republic of South Africa

WESTERN TRANSVAAL & EAST RAND

BUFFELSFONTEINGold Mining Company Limited

(em.lg/l)	29,44	49,68
Estimated capital expenditure for the next six months -R1 The share of income from Beatrix mine is now being providely. Dividents on camulative preference shares are now being	paid quarterly	
- The mine has excelled in the Chamber of Mines Sefety Ter	get Competitio	in.
Beatrix mine		
A division of Buffelstonteln Gold Mining Company Limburg		
Continued good performance	-	
n lerme of an agreement, 16 percent of this dispributation wine is strikbutable to Billielafoitschi mina this R. Percento i	no irograno Be Jestifik Wines L	imited.
2 41 - 41 25 2	Girenter	Chiarth
OPERATING RESULTS	ended 30.9.1988	30:6.1988
Mined (m²)	129827	120721
Orn milled //	123 000	E25 000
Gold produced	3160	-3 150
Yield	6,0	190.96
Working sevenue	202,26 110,51	192.30
(R/m² mined)	461,13	444.80
Working costs (R/n miled) (R/n mined) (R/kg produced)	18418	17050
Working income	81.75	88.68
Gold price received(RAg)	33686	31.768 452
		-
FIMANCIAL HESULTS (R'000)		٠.
Working revenue	T07-200	100262
Working costs	50 500	53 707
Working Irreome	48631	48 545
Sundry income—net	16080	18065
income before taxation	34556	27 106
Facetion	14943	12412
income after trustion	19613	14694
Capital expanditure	5427	6 130
DEVELOPMENT - Boston Reef		1
Advanced (m) Advanced on reef (m) Sempled (m)	6335	7942
Advanced on reef	1 884 1 595	1 478
	48	56
Average well to a cold	15.0	15.3
Constitution of the state of th	7.70	

15 056 .15 658

	$C \cup C$	ж	anv	/ - 1 - 1 - 1	nieci
Gold Minin Company Registration No. 057					
Mine recovers from			aft ac	ciaent	
iseued cepital 13 062 920 sha	res of 66 cen	ts each.			
c.e.			uarter Inded	Quarter	9 month
COCHATING DEBINETS		30.5	1988	30.8.1988	30.9.198
Mined	· · · · · · · · · · · · · · · · · · ·	74 9	5334 0 000	16705	103 163 268 00
Ore milled		100 T	1169	601	308
Yield			3,7	73,98	173,0
Working revenue	(R/t mill	ed)	90,16	119.94	120,2
TOTAL COMMENT	(Rhii ² mlo	ed) (71.08 - 8322	1866,81 61 869	1000,4
Marking Jacome	RVt mill	ed)	26,78	(45,95)	(6.0)
Gold price received	······ (R)		432	32.339	. 31 583
200000000000000000000000000000000000000					:
FINANCIAL REBUILTS (B'00	6)		0046	18235	97 47
Working revenue			9346	31.185	
			8570	(11.950)	(572
Sundryincome-ret			1 410 3 616	17894	21 41
			3 144)	(1424)	(668
			6362	5848	13 16
income State schere of it	come		5399	495	689
Income before talebon and Sincome Talebion and State sahare of in Dividend received—Chamwee Income after talebion and S				5360	5380
			4953	10711	1263
Capital expenditure/tracoupm	ment)		(210)	574	335
Dividend declared			-:	6225	6 225
	· au	arine .	- 00	wher	9 months
•				nded-	30.9.1988
		nded			
ingresi	30.9	1988	Vaar	. 1/2	2
DEVELOPMENT	30.9 Vasi Reaf li	1988	Yeal Reaf V	CR. R	W.C.R
	30.9 Vasi Reaf li	1988	Yeal Real V 662	CR. R	V.C.R
Advanced(m)	30.8 Vaal Reaf li 555 126 130	1988	Yesi Reaf \ 662 81 65	C.R. Ru - 34 - 5	M 55
Advanced	30.9 Vasi Reaf li 555 125	1988	Vesi Real \ 682 81	CR 76	M 55
Advanced (m) Advanced on maf (m) Sempled (m) Channel width (cm)	30.8 Vaal Reaf 1 555 125 130 17,5 72,6	1988 /.G.R.	Year Reef 1 662 81 65 19,0	CR Re - 344 - 54 - 54 - 20	101 V.C.R. 101 M. 101 M
Advanced (m) Advanced on met (m) Sempled (m) Channel width (cm) Average value (g/t) -gold (cm.git)	30.8 Veel Reaf 555 125 130 17.5 72.8 1271	1988 /.G.R.	Veel Real 1 662 81 65 19,0 81,8 984	/CR Re 344 - 54 - 54 - 20 - 55 - 51	id V.C.R. id 101 M 51 65 46 id 38,5
Advanced (m) Advanced on reaf (m) Sampled (m) Channel width (cm) Average value (g/t) - gold (em.g/t)	30.8 Vaal Reaf 1 555 125 130 17,5 72,6	1988 1.G.R.	Year Reef 1 662 81 65 19,0	CR Re - 344 - 54 - 54 - 20	id V.C.R. id 101 M 51 65 46 id 38,5
Advanced (m) Advanced on met (m) Sempled (m) Channel width (cm) Average value (g/t) -gold (cm.git)	30.8 Veel Reaf 555 125 130 17.5 72.8 1271	1988 1.G.R.	Vosi Reef 1 662 81 65 19.0 81,8 994	/CR Re 344 - 54 - 54 - 20 - 55 - 51	M 107 M 55 M 56 M 57 M 57 M 57 M 57 M 57 M 57 M 57 M 57
Advanced (m) Advanced on usef (m) Sampled (m) Channel width (cm) - gold (gr) - uranism (kpt) - (cm,gr)	30.8 Vasi Real i 555 126 130 17,5 72,8 1 271 1,113 18,48	/GR	Vesi Resi 1 652 81 65 19,0 81,8 964 1,25	C.R. Au - 346 - 56 - 57 - 20 - 58 - 1,0 - 22	M 107 M 55 M 56 M 57 M 57 M 57 M 57 M 57 M 57 M 57 M 57
Advanced (m) Advanced on met (m) Advanced on met (m) Channel width (cm) Average value (pt) - gold (cm,gi) - uranium (apr) (cm,kgi)	30.8 Vasil Reaf 555 125 130 17.5 72.6 1271 1,113 18,48	/GR	Vesi Reof 662 81 65 19.0 81,8 984 1,48	C.R. Au - 34 - 55 - 20 - 1,0	## V.C.R # 107 # 55 ## 55 ## 56 ## 38.1 ## 5.7 ## 222 222 221 10 0.08 ## 15 0.08
Advanced (m) Advanced on usef (m) Sampled (m) Channel width (cm) - gold (gr) - uranism (kpt) - (cm,gr)	70.8 Vasi 8pai 555 125 126 130 17,5 72,6 127 1,113 19,48 reforthe name a querier 22	C.R.	Veel 1 Reef 1 65 19,0 81,8 1984 1,126 11,48	/C.R. /file 5 5 5 5 5 5 5 5 5	M 100 100 100 100 100 100 100 100 100 10

Chemwes Limit	ed		
Company Registration No. 8402278/06 (A subsidiary of Stiffontein Gold Mining Comp	erry Urnited)		1
Market problems severely a	affect rev	епие	
issued capital - 1 000 shares of R1 each.		_	
OPERATING RESULTS Ununform Pulp treated	Ouerter anded 32.9, 1988 881 000 112,8 0,128	Quarter ended 30,9,1998 900,000 123,3 0,137	9 months anded 30.9, 1988 2 841 000 361,8 0,133
FINANCIAL RESULTS (R*000) Net income affects extrem Capitals affects and affects of the capitals of the capital of the capitals of the capitals of the capital of the	827 124	3399 13	7313 167
REPRESENTS - A major customer has requested the cassatic income for the quarter. Negotiations are und be made in this regard.	on of deliveries lenway and furi		lected the

Consolidated Mir	100 L		
Previous losses reversed			
leaved capital -4 250 000 ordinary shares of R1 a	ech,	-	
— 25 000 deferred shares of R2 e OPERATERS RESULTS Miled (nº) Ore miled (nº) Sold produced (nº) Working revenue (Nit miled) Working costs (Rits miled) (Working knorme/lioss) (Rits miled) Working knorme/lioss) (Rits miled) Gold price received (Rits)	ach. Cuarter ended 30.8.1988 85 820 447 000 2.1 72,04 68,71 363,11 32,450 2,33 33 460 428	Custor ended 30.6.1606 73718 461000 892 1,9 62,10 62,78 292,59 32,445 (0,86) 31 864 463	9 month 90,2 198 231 58 1 360 00 2 76 55,6 65,6 305,8 32 24 (0,5 31 97 44
PeriAssicas BESTATE (press) Working revenue Working locome Working locome Sundry Income—net Tribute and royalties—net Income before targeton Taustion Escame after taxastice Capital expanditure Dividends decigned	32 201 31 162 1 038 986 (663) 1 441 361 1 080	28 629 28 941 (312) 509 (396) (201) -143 (344) 73	88 611 89 24 (73 209
DEVELOPMENT Advanced (m) Advanced on reel (m) Sempled (m) Channal width (am) Average value—gold (g/th)	2085 544 489 82 10,7	3792 1 503 1 422 72 12,8 924	8 600 3 380 3 322 71 12,0

The G												
Proprie	ta	ry	\mathbb{N}	Iir	ne:	sL	in	nit	ec	3		
Company Registration										÷	-	
Steady perio	ווייי	and	e fr	om	Cre	oats	lei					
hqued 1 1143	8816	stock.	voice	o 25	opiity		No.		***	4.4	2 10	-
			21 A :	.eu	2:				(huar ond	od .	9 mon	dad
OPERATING RESU	LIS.			6	27	30.8.	1988	3	737		231	
Ora milled					ar ·	318	000		3310	00 ·	969	
Gold produced Yield	·	•	m	min	arii		3.4 5.31	•	105	1,3	105	3.3
Working costs			@/	لالس ا	ed)	9	7.58	. :	93, 420,	81		.51
Working income		(A	ing pr	oduc	ed)	. 22	7,73		28 I	25	28	
Gold price received.		<u></u>		(P)	Ng)		524 432		316	23 52	31	
FARSANCSAL REPSER Working rows Working costs Working income Sundry income Sundry income Tribuca end royalties Income-before trainit Taxation Income-affert trainit Capital expenditure, Dividend decleed	-met. on		Do 9.	actor pded	Black	Jane Jane	30.	entar Indes	43 35 35 34	60 18 80 4 102 102 100 100 100 100 100 100 100 100	121 2: 04 9moi	(T)(2)(6)(2)(4)(T)(2)(A)(3)(4)(4)(4)(4)(4)(4)(4)(4)(4)(4)(4)(4)(4)
Advanced (m)					Anel	1786	Book	177	Real	5,559	346 4	
Advanced on		1300		- 88	1	554		112	-	Table	278 4	
Sampled (m) Channel width	60	647	137	87	12		42	90	76	1 868	224 1	77
Average value		24		226	114	22			113	22	25 2	
-gold (g/ti (cm.gh)	253 263	20,3 487	23.A 727	0,8 1 6 9	3.0 336	443	13,6	149	·260	19,5 429	23,0 575	0,8 50
SEMARICS — Estimated ospital a												

(A division of Marievale Limited)				
Mine improves its p	rofits			
issued capital — 4 000 000 shares o		-		_
	. 200	Country	Quarter	9 month
OPERATING BESULTS		anded 30.9.1988	ended 30.6.1968	30.9.196
Mined	(m²)	14366	. 12377	40 02
Ore milied	(1)	78000 208	91 000 204	249 00
Yield	(0/0	2.7	2,2	2
Yield Working revenue	(R/t milled)	89,62	71,43	71,6
Working costs	ini milea) Um² mineri)	82,23 446,81	66,11 486,06	71,2 443,2
	produced).	30837	29 490	29 22
Working income		7,39 33,567	5,32 31 675	31 77
,	(E02)	437	463	45
FINANCIAL RESULTS (R'000)				
Working revenue		6980	6500	19 337
Working costs	*********	6414	8018 484	1774
Sundry income-net		201	128	40
Income before texation		777	612	199
Taxation	*********	722	<u> 54</u>	T 854
Capital expanditure		80	197	44
DEVELOPMENT				
Advanced	(m)	211	189	676
Advanced on reef	(m)	130	116 113	43
Chansal width	(cm)	83	56	77
Average value — gold	6/0	5.8	7,3 408	6.2 451
	(an.gr)	4/8	400	-01
DEMARKS				
- Weste dump milling was discon	duren antibă î	ne quarter.		
				· .
MOTES				

MOTES 1. Development values quoted above represent actagl results of section made for any adjustments which may be, or were, necessary networks.	opling. No allowance has when estimating ore
All financial figures are unancitivel. The quarterly reports have been approved and signed on behalf of companies by two directors.	the respective
Johnenesburg, 20 October 1988	
Capital are available from the London office	
General Mining Building General	n office and secretarie (UK) Limited lece SCIN SUA

- 8 825 000 cm - 6 825 036 'A' o - 3 825 035 'B' o - 2 465 000 'C' o			Quarter		r. Vitor	0
			anded		ercur edecd	9 month ende
OPERATING RESURTS			30.9.1968	304		30.9.199
Mined		(m²)	118 266	116	657	35338
Ore milled			520 000		000	1 570 00
Gold produced		(Arrel	2600		467	7.47
Yield	*******	<i>(a)</i>	5,0		4.7	4.1
			166,01		0,89	161.9
Working costs	(Alta	milled)	132,78	12	1,13	123,2
	_ Dilan s	mine/fit	583,82	83	1,89	547,A
	Hong proc	tuesd)	28 667		777	2589
Working Income	<i>Quit</i> a	Tellect.	36,23		9,76	28,7
Gold price received		ES/out	33 613 429	32	452	31 84
FINANCIAL RESULTS (R*00						-
Working revenue			87267	79	218	238 61
Worlding costs			69047	63	591	19347
Workingincome			18320	35	627	46 13
Sundry income-net			2449	. 2	623	772
income before taxation and Stat	w's share	of '				
Income	.,		20 769		260	52.85
Taxation and State's share of in	come ,		5876	7	802	18 90
income after taxation and S						
of income ,			12093	10	548	32 95
Capital expenditure	91		4 182		564	11083
Dividend declared		****			994	7299
		randad	Quarter			the ended
	Bound	1.9.1968 Leader		0.1988	Bount	30.9.198
DEVELOPMENT	Roof	Real	Roof	Roof	Heat	
		247				
Advanced (m) Advanced on real (m)	2743 370	198	2 472	353 207	7 258	
Sempled	447	318	377 392	289	1 018 1 233	740
Channel width (cm)	130	185	125	160	123	182
Average value	100	109	140	100	140	100
-gold(g/t)	5.5	4.5	8.8	2.4	8.5	3.0
(cm.9/t)	716	824	1 103	401	1043	
BEMARKS.						
 Estimated capital expenditur 						
- No. 10 Shaft was majorarism	OFFICE A LE		D DOG BUILD	TOTAL SPA		N.
			9000			
Oryx mine						

ORANGE

FREE STATE &

EVANDER

ST. HELENA Gold Mines Limited

Further improvement in gold production

The G I Proprie								nit	tec	;		
Company Registrati	on No	.01/0	ZD88A	98						÷		• •
Steady perio	וזייוכ	and	efr	om	Cre	oatv	lei					
squed Tarin 114	30 STQ	noch	erion.	0 25	oolity	pách.	No.		100	24.	2.5	-
1						Qui	wind		Condi		9 mo	ntha rded
OPHRATING RESE	LTS.		-1 A	····	-	30.9.	1988		0.6.78	68 🐪	30.9.	7968
Mined Ore milled		· · · · · ·	••••	4	n ²)		345		3310	00.		299
Gold produced				4	ika)	- 1	3.4		,11	04		291
Working revenue			<i>a</i> v	מובח ד	od)		5,31		105,	95		5,76
Working costs			(Rim	t min	ed).		7,58 7,37	. :	93, 420,			4,51 4,11
Working income			And Di	oduc	ed)	. 28	7,73		28 1 12,			1.25
Gold price received				(PO	Ng)	33	524		316	23		616
	•••••		••••	13	(02)		432		•	52		440
FMANCIAL RESU												
Working revenue Working costs							030		350			693
Working income Sundry income—net		•••••				- 6	039		40	18 80		122
Tributeandroyaties	-HOE						673 (64)			4		(32)
Income before trace! Texation	ian		•••••	••••	•••		257 813		43	02		721
income a l'instituté i	ioa .						444		35			424
Capital expenditure, Dividend declared					•••	٠	. 38		34	50) .	_	231
DIVINGIU DIVIDUOS		*****	Do	etter.	•••			ten fail		»c	9 m	withs
	. **.			1999 1999		٠.		nded : 1968			. 303	nded 1500
		beriey	Meio	<u> </u>	Mack	Kin-	-		Stack	Kine- berley	Main	
DEVELOPMENT		1003		ass	And	Perel	Book	URS	Reaf	Real	Roge	
Advanced (m)	. 128	1500	142	236	67	1786	. 57	177	263	5,559	346	414
William Control	60	647	Total	-		534	- 53 42	115	78	1400	270	
Sampled (m) Channel width		•		87	. 12	035.	42	90	70	1 008	224	
Average value	113	24	31	226	114	22	18	175	113	22	25	200
-gold (g/t)	2.3	20,3 487	23,4	0,8	3.0	20,1	13,6	0,5	2,4	19,5 429	23,0	
Long mail	203	40/	121	103	333	-	21/	140	. 200	-63	0.0	120
(cm.gh)												

Company Registration No. 72	2/1060	4/08							
Sub-inclined sha	ft to	go	ahe	ad					
lesued capital 28 000 000 ah	ares o	ino pe	value						
OPERATING RESULTS					rter ded 1988		erter nded 1988	30.9	Yes mde
Mined Ore milied Gold produced	• • • • •		. (t) (tra)	275	105 000 440	262	2656 2000 2222	1 12	745 700 611
Working revence	(R)	RVt mili RVt mili m min	(g/t) (sd) (sd) (sd) (sd)	100 580	5,2 1,04 1,27 1,27 1,67	10 67	4,8 13,74 14,66 18,68		74,7 90,9 82,7 785
Gold price received		(R	90) 90}	33	7,87 539 431	5	9,09 976 452	,	77,7 1 26 45
Working revenue		,		27	960 601	20	263 372	10	690 923
Working Income Sundry Income—net Milling fee				1	359 885 812)	1	891 377 806)		766 659 728
Income before taxation and S income Texation and State exhaus of Income after taxation and	ncom	's sher	 •	11	332 123	_7	462 267	4	699 473
Capital expenditure				2:	<u>209</u> 399 000		535	14	1 26 6 38 2 20
		Courter 35			Guerte	ended			sode 4.75
DEVELOPMENT.	Basel	Leader Beef	Middle Seed	Basel	Lender Red	Hidde Heat	Basel Basel	Lander :	icii Ne
Advanced (n)	1552 316 309	126 220 279	211 184 125	1448 240 171	982 383	146 138 54	5916 986 985	2341 1363 1469	50 36 77
Channal veich (cm) Average veloe (gt)	104	208	115	114	蜀	83 83	117	200	TO E
(ampli)	3010	22	7.4 007	15,0 1 700	**	76	1 575		00
REMARKS									-

Stoping on the Beisa Reaf commenced on schedule during August 1988. A total of 6 652 tons of ora was transported by road to the St. Helena metallurgical plant for processing where 10,8 kilograms of gold were recovered. All income and expenditure relating to this stoping has been restricted.

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sburg 2000)	-	•		П
Limited			1	ı
			4	1
			2	

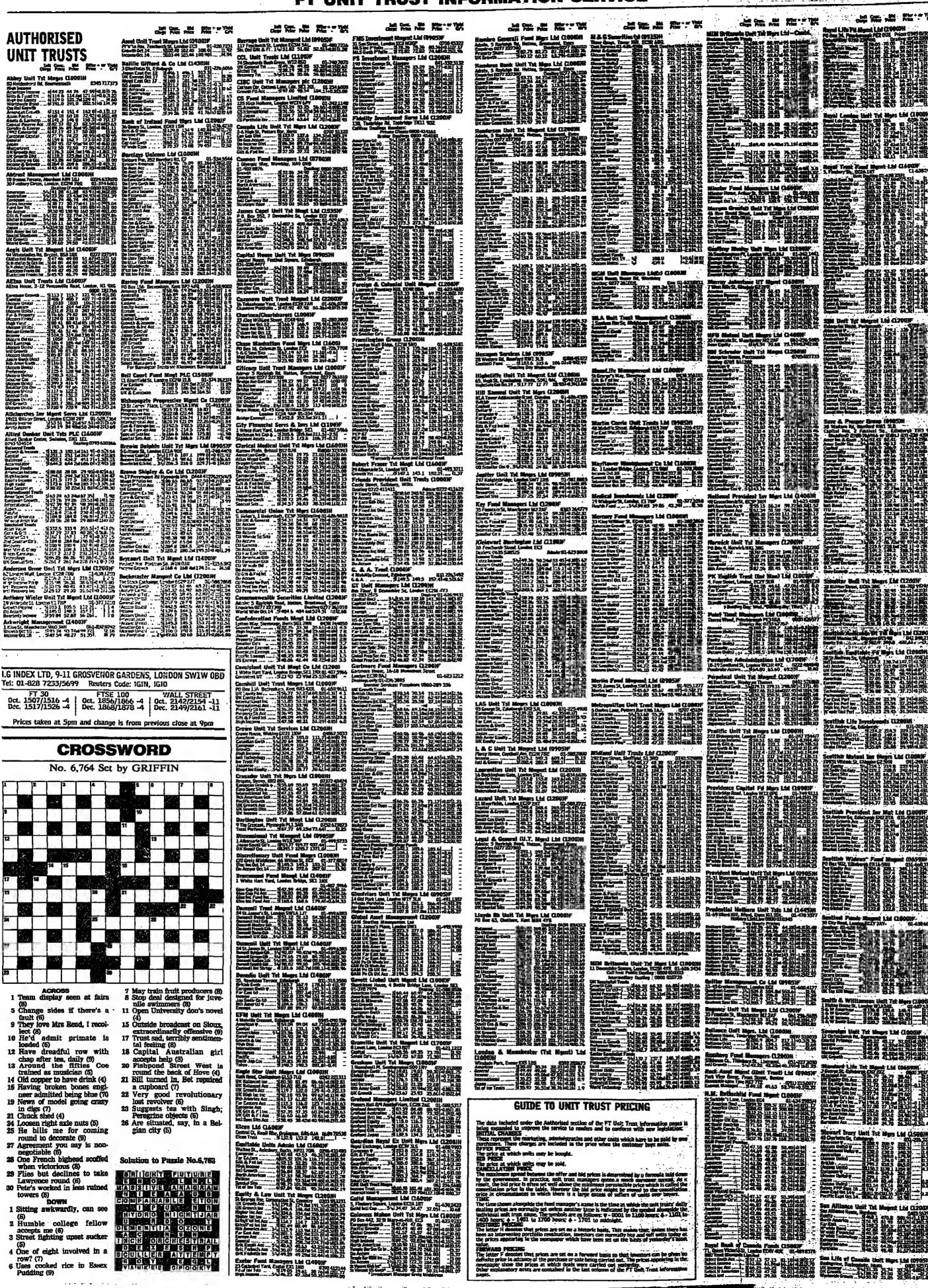
WINKELHAAI Mines Limited			
Company Registration No. 55/03606/06			
Reef intersected at No. 6 Sh.	aft		
issued capital - 12 160 000 shares o 1R1 sech.			
	Quarter ended	Quarter ended	Ye
OPERATING RESULTS .	30.9, 1988	30.9.1988	30.9.19
Mined	138 584	139 132	5842
Ore milled	529 000 3 022	539 000 3 018	21620
Gold produced (kg) Yield (gr)	5.7	5.6	120
Working revenue (Fi/t milled)	196,40	179,22	177,
Working costs(R/t milled)(R/m² mined)	112,08 427,74	103,64 401,51	100,7 372,4
(RVIA produced)	18616	18616	180
Working Income(R/kg productd) (R/t milled)	84,34	76,58	76,4
Gold price received (R/kg) (S/oz)	33 741 436	31934 454	31 63
FINANCIAL RESULTS (R'000)			
Working revenue	103 897 69 278	96 599 55 863	382 91 217 70
Workingincome	44618	40 735	165 20
Sundry Income-net	1757	841	466
Tributound royalties - net	(161)	<u>(146</u>)	(67
lucome hichide Dilana mathôu Rid Sara 2 suma a.	46215	41 430	169 19
Income Taxation and State's share of Income	12 147	10 024	49.01
income after transition and State's chare			
ofinceme	33.48A	23.878	120 18
Capital expenditure	21 700	238/6	80 41 38 36
DEVELOPHENT – Kimberley Reef Advanced(m)	2614	2.828	1073
Advanced on reef (m)	508	516	233
Sampled	527	413	212
Channel width (cm) Average value – gold (g/t)	56 13.9	68	-
Average value – gold	769	10,6 724	20, 1 10
REMARKS			
 Estimated capital expanditure for the next six r 			
 At No. 6 Sheft System, Kimberley Reef was reef values are as expected but faulting is no schedule. 	urts ensures that	n anticipated	No 6 Mai

KINROSS			
Mines Limited			
Company Registration No. 63/06226/08			
Go-ahead for two declines			
feaued capital - 18 000 000 stock units of R1 sect			
OPERATING RESULTS	Querter ended 30.9.1988	Quarter ended 30.6.1988	Year ended 30.9. 1988
Mined (m²) Ore mißed (t)	118678 515 000	131769 518000	507 749 2057 000
Gold produced	2 934 5,7 193,08	2944 5.7 179.42	11 817 5,7 181,18
Working costs (R/m miled) (R/m mined) (R/m mined) (R/m produced) Working income (R/k miled)	107,89 468,18 18 936	101,18 396,26 17 736	100,30 406,36 17 480
Working income	85,19 33 702 442	78,23 31 375 452	80,88 31 404 458
FINANCIAL RESULTS (#7000) Working revenue	99 435	92580	372651
Working looms Working Income Sundry Income	55 558 43 877 2 268	52216 40366 1637	206 327 166 324 8 335
Income before taxation and State's shere of			
Income	46 145 24 663	41 996 27 400	172 669 101 060
of income Capital expenditure	21 482 5 435 25 200	14596 5338	71 609 20 656 48 600
DEVELOPMENT - Kimberley Reof			(7)
Advanced on reef	3638- 1148 1121		4 082 4 040
Sampled	32 25.0 799	38 16,2 607	38 18.8 728
			,
REMARKS - Entire to declines to exploit the northern and of source declines to exploit the northern and of source data capital cost of R25 million.	months-R24 Matern Bress	million. of the mine	have been

LESLIE Gold Mines Limi	ted		
Company Registration No. 59/01124/08			
Income after capital expend	liture 20'	higher	
Issued capital 18 000 000 shares of 65 cents ou	ch.		
OPERATING RESULTS	Quarter ended 30.9.1988	Querter ended 30.6.1988	Year ended 30.9, 1988
Mined	76943 340 000 809	70 722 335 000 802	298 491 1 383 000 3 254
Yield (g/t) Working revenue (R/t milled) Working costs (R/t milled)	2,4 82,08 68,78	2,4 75,64 66,47	2,4 74,87 64,57
(R/m² mined) (R/m² mined)	308,20 29313	314,88 27 767	299,24 27 444
Working Income (R/I milled) Gold price received (R/Ig) (S/G)	12,33 33684 443	9,17 31 341 451	10,16 31 367 457
FRVANCIAL RESULTS (R*000) Working revenue	27 907	25341	103 271
Working costs.	23714 4193	22 209 2072	89.302 13.969
Sundry Income—net Tribute and royalties—net Income before taxation and State's share of	387	(1)	
Income Tagging and State's share of income	4577	3378 298	14747 2835
income after texation and State's share of income	3 466	2080	11912
Capital expenditure	1 166 4000	1 169	4020 8000
DEVELOPMENT - Kimberley Reef	2019	2027	8535
Advanced	408 357	538 497	2072 1997
Charmel Widd: (cm) Average value – gold (pt) – (cm.g/t)	21,3 448	21 19.5 407	20,7 414

BRACKEN Mines Limited			
Company Registration No. 89/01 126/06		***********	
Limited life at present gold pi	ice.		T., 1
	Oh. Cuarter ended 30.9.1988 54 673 187 000 585 3.0. 103.57 92.51 332,13	Ouerter ended 30.6. 1986 54 646 197 000 598 3.0 92.32 87,79 316,60	Year anded 30.9.1996 224.906 842.000 2.476 2.8 93,29 82,58 308,16
Working income (R/kg produced) Gold price received (R/kg) (\$/cx)	31 154 11,06 33,853 444	39 814 4,53 30 907 448	28 082 10,71 31 285 469
FINALICIAL RESULTS (R'000) Working revenue Working revenue Working recents Working income Sundry income—166 Fiributs and royskins—188 Income before texation and State's share of	20 403 18 226 2 178 646 7	16188 17296 893 552 [13]	78 550 69 531 6 D16 1 716 (27)
ricome	2831 1 259	1 432 (143)	16708 3408
ncome after taxation and State's elsere of income Lepital expenditure Dividend declared	1572 396 2100	<u>1675</u> 279	7 200 1 625 6 300
DEVELOPMENT - Kimberley Real (m) Advanced (m) (m)	625 96 105 46 8.1	838 235 168 44	3031 675 671 39

FT UNIT TRUST INFORMATION SERVICE



the precise.

FREWARD PRICING

The letter F descriss that prices are set on a forward basis so that investors can be given so definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

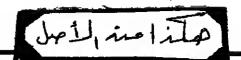
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James Land

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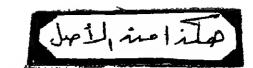
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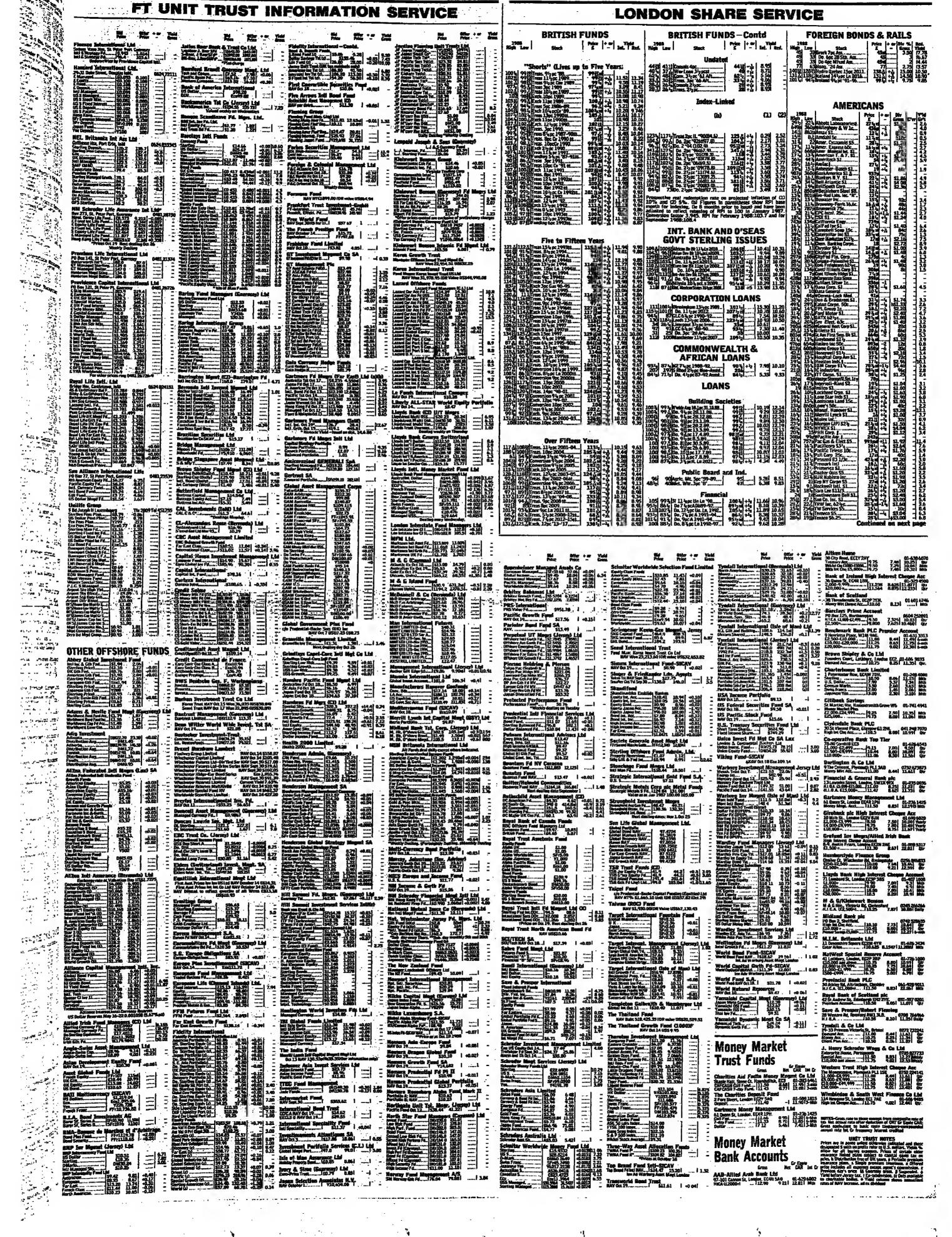
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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar stays in narrow range

Sterling benefited from the dollar's lacklustre perfor-

mance, and gained further sup-port - in otherwise featureless

trading - from a firmer trend in

oil prices. In the absence of any fresh economic data to

influence sentiment, investors

were attracted by the high yield offered on sterling based instruments, and the Govern-ment's determination to bear down on inflation - if necessary

through higher interest rates

- through higher interest rates.
Dealers suggest that having found support around the DM3.16 level, sterling is likely to move into the upper half of its trading range, with resistance only hardening on the approach of DM3.1875.

Sterling closed at DM2.1770.

Sterling closed at DM3.1700,

up from DM3.1600 and Y223.00

against Y221.75. Against the dollar, it was barely changed at

anta nts

EMS EUROPEAN CURRENCY UNIT RATES

POUND SPOT- FORWARD AGAINST THE POUND

43 4735 7 99409 2.07400 7.07961 2.33820 0.775571 1545.4

% chang from central rate

THE DOLLAR moved above its overnight lows in currency markets yesterday, but spent in the distinct of the figure and little effect on trading. markets yesterday, but spent most of the day confined to a narrow range. The mood of the market in London reflected the dollar's earlier performance in the Far East, where it found strong support at Y126.50 but resistance at Y127.50.

Despite the dollar's underlying weakness, investors remain concerned about the possibility of central bank intervention. The US Federal Reserve, in particular, is keen to keep the dollar on a steady path, with the US Presidential election now less than three weeks away. Central banks are thought more likely to intervene if the dollar moves close

to Y125.0 or DM1.80.
Against this background, dealers found it hard to justify moving a great deal in either direction yesterday, and the dollar finished et DM1.8110 from DM1.8045 and Y127.30 compared with Y126.65. Elsewhere it finished at FFr6.1825 from FFr6.1575 and SFr1.5300 against SFr1.5245. On Bank of England figures, the dollar's exchange rate index was 96.0 against 96.1. September US housing starts

C THE NEW VOOR

T IN MEAL LOWK						
Oct.19	Latest	Previous Close				
Spot 1 month 3 months 12 months	1.7505-1.7515 0.56-0.55pm 1.46-1.44pm 4.42-4.32pm	1,7470-1,748 0,56-0,536 1,46-1,425 4,43-4,350				

STERLING INDEX

		Da.19	Presides
8.30	5m ******	76.4	76.4
10.00	200	76.5	70.4
31 00	20	76.4	76.4
Nooc		76.4	76.4
2.00	200	76.5	72.4
2.00 3.00	59	76.6	764
4,20	ZZ	7 6 6	764

CURRENCY RATES

Oct.19	rate	Drawing Rights	Carrency Ucal
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"ALI SOR TIKES .	are for O	1_78	

CURRENCY MOVEMENTS

0:119	Bank of England ladex	Morgan Guaranty Changes %
Certary O S Deliar Caradian Deliar Austrian Schilling Belgan Franc Dunch Krone Dectable Mark Swizz Franc Gellder French Franc Lira Von	76.6 96.0 85.1 134.9 99.3 89.1 144.9 164.2 133.4 68.6 48.1 248.4	-15.9 -1.9 -1.8 +10.1 -5.6 -0.1 +21.4 +13.8 -15.2 -20.9 +84.8
Morgan Guarant	y changes: a	verage 1980

OTHER CURRENCIES

Oct.19	£	\$
GCL19 Argentina	21.1800 - 21.3300 2.1430 - 21.450 721.95 - 727.15 7.4920 - 727.15 257.15 - 261.60 121.70 122.70 123.20 6.50 - 66.60 4.6950 - 4.7065 4005.45 - 4008.24 4005.45 - 4008.24	\$ 12.0000 - 12.1600 12.2000 - 12.1600 1.2720 - 1.2720 412.80 - 414.90 42.404 - 4.2760 44.470 1.48.40 1.49.40 1
Mexico	4005.45 - 4008.35 2.8395 - 2.8445 6.5745 - 6.5805 3.5340 - 3.5425 4.2795 - 4.2905 7.0880 - 7.2340 50,10 - 50.35 6.4375 - 6.4435	

MONEY MARKETS

Steadier tone

UK INTEREST rates were left largely unchanged yesterday, as attention switched to today's UK money supply fig-ures for September. The mar-ket's rather lacklustre mood was also inflnenced by the proximity of tonight's Mansion House speech by Mr Nigel Law-son, Chancellor of the Exche-

The key three-month interbank rate was quoted all day at

UK clearing bank base leading rate from August 25 & 25

12-11 p.c., little changed from Tuesday's 12-11% p.c. Overnight money ranged from a high of 12% p.c. to a low of

The Bank of England forecast a shortage of around £1,250m, with factors affecting the market including repaymeut of late assistance and bilis maturing in official hands, together with a take up of Treasury hills draining £681m, and Exchequer transactions a further £475m. In addition, banks brought forward balances £45m below target, and there was a rise in the

note circulation of £125m. The Bank offered an early round of help, which totalled £170m, and comprised outright purchases of just £10m of eligible bank bills in band 2 at 114 p.c., and sale and repurchase

04.19

1.48-1.43pm 0.38-0.48kis 0.48-0.53bis 1.63-1.6.3pm 4.50-10.50pm 1.50-10.6kis 1.50-20dis 1.775 - 1.7555
1.4745 - 1.4810
1.1980 - 1.2720
2.8340 - 2.0435
37.80 - 2.0435
37.80 - 2.0435
1.670 - 1.8130
1.671 - 1.671
1.870 - 1.191
1.870 - 1.191
1.870 - 1.191
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1.870 - 1.191
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1.2855 - 1.5320 1 4760 1 1995 2 0415 38 05 6 98 1 8115

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Oct.19	Short term	7 Days notice	time Month	Three Months	Sty Months	Year
Sterling US Dollar Loss Botlar Loss Botlar D. Geildey Ser Franc Desrecknya's Fr Franc Italian Live B. Fr. (Fin) B. Fr. (Con.) Yen D. Krome Auton Shor	124-124 85-84 95-65 95-6	12%-12% 84-8% 10%-45 10%-45 45-35 45-35 45-36 47-76 77-77 42-46 87-8	124-115 81-89-1 101-95-5 35-35-4 45-44 8-75- 111-107- 71-71- 42-44 8-76-8-	124-118 85-85-105 105-105 55-55-55-55-55-55-55-55-55-55-55-55-55	118-118 87-87 107-13-14 5-13-38 5-13-38 5-13-38 111-11 77-77-14 41-45 81-8	118-11, 81-85, 102-10 51-51, 51-51, 51-51, 72-71, 72-71, 43-45, 81-85,

years 9%, 49% per cent nominal. Short term rates are call for US Dollars and Japanese Yes; others, two days' notice

	-	-	CHA		One					-
Oct.19	£	5	DM	Yes	F Fr.	S Fr.	H FL	Lira	CS	87
Š	0.571	1.751	3.170 1.810	223.0 127.4	10.83 6.185	2.680 1.531	3.575 2.042	2560 1348	2.098 1.198	64.5 38.0
DAY	0.315	0.552 7.852	14,22	70,35 1000.	3,416 48.57	0,845 12.02	1128 14.03	744.5 10583	0.662 9,408	20.9 298
F Fr. S Fr.	0.923 0.373	1.617 0.653	2927 1.183	205.9 63.21	10. 4.041	2475	3.301 1.334	2179 880.6	1.937 0.783	61.4 24.8
H PL Lina	0.280 0.424	0.490 0.742	0.887 1.343	62.38 94.49	3.029 4.589	0.750 1.136	1.515	660.1 1000.	0.567	18.6 28.2
CS BFr.	0.477 1.503	0.835 2.631	년 33	106.3 335.1	5.162 16.27	1.277	1.704 5.372	1125 .3546	3.153	31.7 100

agreements on £160m of bills at

11% p.c., unwinding on October

A revision took the forecas

to a shortage of around £1,300m, and the Bank gave additional assistance in the

morning of £385m through out-

right purchases of £7m of eligi-ble bank bills in band 1 at 11%

p.c., and £21m in band 2 at 11}

Additional assistance in the

afternoon, on a revised short-age of £1,200m, came to £66im, and comprised purchases of £7m of Treasury bills and

£221m of eligible bank bills in band 1. In band 2 it bought £144m of eligible bank bills and £38m in band 3, all at unchanged rates. The Bank

also arranged sale and repur-

chase agreements on £251m of

bills on the same terms as the

earlier agreements. Late help came to 200m, making a total

Interest rates in Frankfurt

were marked up after the Bundesbank accepted only 15 p.c. of the bids at its sale and

repurchase tender. Commercial

banks were allocated a total of

DM11.7bu, failing to offset a maturing facility of DM12.6bn.

However, there is unlikely to

be a squeeze on short-term

liquidity this week, as banks

are well placed to meet this

mouth's minimum reserve

requirements with the Bundes-

of £1.276m.

1-mth. 3-mth. 6-mth. 12-mth. 17459 17365 17249 17077

FT LONDON INTERBANK FIXING

G1.00 a.m. Oct.19) 3 months IIS dollars t can shateeath, of the bid and offered vates for \$10m th working day. The banks are National Westmioster

MONEY RATES NEW YORK Treasury Bills and Boods (Lunchtime) Tyre Months Stx Months Oct.19 4.90-5.05 8-81 33-34 5-31-5-43 4.34375 113-113 71-74 71-74 4.75-4.90 713-8.4 5.00-5.15 81₆-81₆

Get.19 Gvernig	121, 12	One Month	Three Months 12 11:3	Six Months	One Year
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erling CD; call Authority Deps. call Authority Bends. scaunt Mitchess. sca	124	11111111111111111111111111111111111111	8 111111111111111111111111111111111111	112 12 12 12 12 12 12 12 12 12 12 12 12	118 1124 1124 1124 1124 1124 1124 1124 1

FINANCIAL FUTURES

Gilts up ahead of money data

rates were virtually discount-

ing a quarter point cut in base

This more careful approach

was better illustrated in the

performance of short sterling

contracts, less affected by tech-

nical factors. The December

price was confined to a five

tick range for the entire trad-ing session, finishing at 88.33,

unchanged from the opening.

and barely moved from Tues-day's finish of 88.31.

を できる かんりゅう

LONG GILT futures the Treasury, in itself a bullish established a new high in Liffe established a new high in three trading yesterday of 97-29 in the December contract, underpinned by a late improvement in sterling's value. The mood of the market remained bullish ahead of today's release of September money supply figures. The possibility of an increase in monetary growth is to some in monetary growth is to some extent offset because part of any increase would include recent purchases of stock by

666197135073 10713573

LIFFE £/5 GPTRIES £25,000 (cods ptr £1)

LONDON (LIFFE)

ad Volume 63 (328) s day's open lat, 1250 1990

mte 571 (237) mte 571 (237)

Est. Vol. (loc. figs. not shown) 3580 (3259) Previous day's open lat. 31423 (31323)

Estimated Volume 8860 (5237) Previous day's open lat. 1,3150 (1,2926)

PRINCIPAL PROPERTY FICHANCES

1800 BB

1994 Law Prov. 95-24 95-22 95-15

High Low Pres. 91.39 91.36 91.39 91.51 91.48 91.50 91.39 91.36 91.37 91.21 91.19 91.20

it finished at SFr2.6800 from SFr2.6700 and FFr10.8250 from

FFr10.7850. Its firmer tone was

reflected in the exchange rate

index, which rose to 76.6 from 76.4 at the opening and Tues-

The D-Mark showed little change against the French franc, mainly because of the

dollar's subdned nature. The franc derived some benefit from a wider interest differen-

tial in its favour, after Mon-

day's quarter point increase in the Bank of France four-week

The French central bank is expected to lend support if the

b-Mark moves up to FFr3.4150 by intervening directly in cur-rency markets or pushing up interest rates. Yesterday the D-Mark closed at FFr3.4140.

Dhergesco

sale and repurchase rate. But investor confidence is being shaken by a recent spate of labour disputes in France.

However, some traders are a little more cautious, pointing out that the current level of base rates is likely to be held by the authorities, and the lat-ter are unlikely to entertain lightly any attempt to push cash rates easier. Only three weeks ago, discount houses were invited to borrow funds

at 12 p.c., at a time when cash

Patro 850 0.70 1.50 3.40 6.70 11.65 22.50 17.60 DE 1975 023 036 069 119 127 481 1100745551405140 0.08 0.19 0.28 0.62 1.19 2.04 3.12

92.75 92.79 72.55 EUROPEAN OPTIONS EXCHANGE Vol Last Vol Last Voi Last

5.26 1.50 # 12 TOTAL WOLDING IN CONTRACTS : 58.665

B-Bit - C-Call P-Fet

BASE LENDING RATES

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Lineis Bank Medical Bank Los McDonnell Donglas I

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BUSINESS LAW

Bolt Street Mid East.

Central Capital

Spycatcher: lessons for everyone

By A.H.Hermann, Legal Correspondent

Unlike the European Convention on Human Rights and most civil law countries. English law does not distinguish hetween private and commercial secrets on the one hand and state secrets on the other. For this reason, last week's Spycatcher judgment in the House of Lords contains some lessons of general interest which also apply to business secrets.

However, as the law protecting confidences is entirely judge made, it is particularly regrettable that the Law Lords, who were unanimous on most issues, disagreed on the important question of whether the person, as well as his agents, who illegally disclosed confidential information, remain bound by that duty and is pre-vented to publish even after the information ceased to be confidential through his wrongdoing. Four Law Lords concluded that he should remain bound, but Lord Goff's dissent is most persuasive and his arguments are likely to

reappear in the future. The protection of private and state secrets is in the UK a matter of judge made law which also governs the inter-pretation of contracts and statutes which provide additional safeguards. Such interpretation is not assisted by the absence of agreement among judges and teachers of law about the nature of the duty to keep con-

Some treat this duty as an article of faith, calling it "an obligation of conscience", others think that confidential information is simply a valuable property. Insider dealers would probably subscribe to the second definition, but so would those who developed honestly new industrial processes but do not trust the patent law.

The object of the duty of confidence is not entirely clear. Certainly, it includes information which you promised to treat confidentially; or such which was imparted to you in confidence even if you did not volunteer any specific promise to keep it. The duty applies to information which you received from a person whom-you know is bound to keep it

It also applies to information received involuntarily, carried in the wind so to speak, or found in a bundle left in a railway carriage, as long as one. can recognise that it is of confi-

dential nature, a fact to which the hapless finder must not deliberately close his eyes. This broad definition of the object of confidence reflects the fact, in the words of Lord Goff, that the public interest in the maintenance of confidences is such that the law provides remedies for their protection.

Though many people are inclined to view confidences as private property and their pro-tection as a matter a civil law, particularly when the confidences arise out of commercial relations and the development of industrial processes, the ele-ment of public interest t akes them into the sphere of public law. There, the public interest in the protection of confidences is often opposed by the public interest in information and free press. This all too familiar contradiction can be resolved only pragmatically and not by formal logic. Indeed, the funda-mental fault of the Government's case in the Spycatcher trial was that it chose to stick

to formal logic.
It argued that the duty of the members of the secret services to keep their secrets is not only endless but also absolute in the sense that it does not depend on actual circumstances and balancing factors and more-over, that their and their agents' and publishers' duty of silence survives the confidentiality of the information itself. The five Law Lords found it

easy to agree that duty is not absolute and can be voided by a stronger public interest in disclosure. Such a balancing operation will always be a political judgment and, as evi-dent from the speeches Lord Ackner and Lord Templemann made when granting a tempo-rary injunction earlier, often more a matter of the heart than of the head. Judges balancing the two

conflicting public interests will he necessarily influenced by the general approach of the society to secrets and information. In the UK they have to take into account the general presumption of the Official Secrets Act that everything the Government and its servants do or discuss is secret unless exempted - and much the same attitude is taken by individuals: when it comes to their private affairs. By contrast, in the US and many other countries the assumption is that all information is free unless classified as secret. There is much to the argument that this US type of approach is indispensable for affect the obligation of coaff-the operation of a true democ-dence owed by Mr Wright and

it goes without saying that the balancing operation does not apply only to state secrets. Wright's agents.

The duty to keep husiness Lord Goff was not convinced. secrets and confidences can be easily voided by the public interest in disclosure of iniquities: it cannot protect wrong-doers and dishonesty, though mere disagreement with the policy of the board of a public company would hardly be sufficient to outweigh the duty not to disclose its confidential reso-

micons.

The Law Lords agreed that only disclosure which can cause real damage is prohibited. But Lord Griffiths said, and was not contradicted, that where the secret service is concerned, it would not be practical to draw a line between information which is impor-tant and can then cause damage and less important or even trivial information which cannot have a damaging effect. It should not be difficult to draw the line where business interests are concerned, particu-larly when the possible dam-age can be expressed in terms of money. All five Law Lords agreed

that courts will not protect information which ceased to be confidential regardless of whether its disclosure was authorised or not. However, four Law Lords were reluctant to the transfer the beauty of the confidential to the to give the wrongdoer the ben-efit of this common sense rule; fearing that it might enable him to profit from his wrongdoing. In reality, there is nothing to stop Peter Wright from making a profit from publica-tions abroad and any profits in the UK could be easily sequesnated. Nevertheless, the four Law

Lords agreed that neither Peter Wright nor his publishers should be allowed to publish Spycatcher in the UK. Lord Griffith went one step further when he said that he would prohibit further serialisation of the book by the Sunday Times because they were "tainted" by having published the first instalment before the book was

published in the US.

This attempt to use a prohibition to publish, not to protect a secret already disclosed, but rather as a publishment of those who revealed it follows those who revealed it. follows the Government's argument that "publication of the book in other countries by or on behalf of Mr Wright does not

his agents or by third parties".

Taris the other had seen

by this argument. He thought the rule that a man should not be allowed to profit from his own wrong did not provide a -sure guidance in the Spycatcher case. In most commer cial cases, the wrongdoor can be deprived of the immoral gain by being obliged to account for his profits or by an award of damages. However, Lord Goff did not know of any past case in which this role was invoked in order to hold that a person is not released from an obligation by the destruction of the "subject matter" of the obligation, only because the destruction was the result of that persons own wrongdoing. The subject mat-ter is gone: the obligation is therefore also gone: all that is left is the remedy or remedies for the breach of the obligation." It would be about to maintain, in strict logic, that the obligation survived and prevents publication or distri-bution of the book by anyons who knows of its illegal origin. If Lord Goff's dissenting

opinion is, as it seems to me, right, the only way to deprive a wrongdoor safe in Australia or anywhere else abroad for that matter, of his immoral that matter, of his immeration profits, is to sue him not under public law — to which foreign courts will not give effect—but under private law in pursuit of a contractual claim or of a well defined claim for damages. In the case of civil servants and state secrets it would be advisable to stipulate a contractual penalty, possibly as a multiple of profits from publication: This would of course, require legislation replacing the present common law of confidence by a statute. And that would be a blessing all round.

With reference to the future With reference to the future serialisation of the book by Sunday Times, which Lord Griffiths opposes, Lord Jannes of Tullichtle pointed out that it no longer depends solely on a copyright licence. It was inconceivable, he said, that a UK court would protect the copyright of Peter Wright or his publishers. "Anyone can copy Spycatcher in whole or in part." This is unlikely to part. This is unlikely to escape the notice of UK pub-lishers.

FINANCIAL TIMES STOCK INDICES

LONDON STOCK EXCHANGE

Special features enliven nervous trade

speculative activity towards the close of yesterday's session enlivened what had begun as a subdued remembrance of last year's Black Monday shakeout in the London equity market. The undertone remained neryous, as Wall Street shandoned its latest post-Crash highs in early deals and a London broker laid off staff.

Although gains in UK blue chips were modest, leaving the FT-SE index only five points ahead, turnover remained relatively brisk, However, the Seaq volume total of 595.5m shares, against Tuesday's 561.8m, included substantial marketmaker business as well as con-

<u> </u>	· · ·	
Accoun	it Bealing	Dutes
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Option Declared Oct 13	Oct ET	Nov 10
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New Year deel		pleas from

tributions from a number of tributions from a number of active speculative features.
The final reading on the FTSE Index showed a net rise of 5.5 points at 1862.5. Major indices in both London and New York. are believed to be at significant testing levels at present. In the UK. Footsie 1850 has proved a

lysts are not yet convinced that it has been convincingly broken this time.

The highlight of the session came when the UK Monopolies & Margars Commission ruled that British Gas had "practised extensive discrimination" in its pricing policies - a significant shock for the market and one

which prompted sizeable sell-ing of Gas shares. Houre Govett, brokers to British Gas, quickly commenced a downward review of profit forecasts for Gas for the corrent year and, more drastically, for the year to March 1991. At Nomura Securities, which earlier this year was a

substantial buyer of Gas shares for its Japanese retail customers, Christine Baker, analyst in the stock, described the report as "more detrimen-tal to profits than we antici-

Consolidated Gold Fields fell sharply as growing apprehen-sion that Minorco's near £3bn offer will also attract the attention of the Monopolies Com-mission was fuelled by related legal moves in Australia. The shares made no immediate response to the confirmation that the UK Department of Trade and Industry will investigate the extensive dealings in Gold Fields shares and options A new speculative feature

enlivened the market scene when Abbey Life, a major life assurance group, was suspended, but only after the shares had plummeted on widespread hints in the market of an impending deal with

surge in Lourbo despened as the shares continued to feature in heavy trading, and the Bond Corporation made no comment upon London reports that it has been buying shares in the UK mining and industrial group. Meanwhile, Pleasurama sprang to life, trading very heavily as the deadline for Mecca Leisure's bid was

Securities is hosting a presen-tation for Beckitt today and

yesterday rated the shares a strong buy at 935p on its brand

trength and on fundamentals.

A slight stock shortage helped the price rise yesterday.

Food manufacturers came back into favour, lifted by the

bid for Kraft in the US. Cad-

bury Schweppes rose 2 to 387p. Dalgety improved 9 to 341p. but the best move came from

United Biscuits which surged

United Hiscritz which surged 22 to 308p in active turnover of 6.9m. Bid rumours were sparked off by speculative activity in Nestlé in the Swiss market, which led to vague hopes that a bid might be forthcoming in the UK. Old rumours about the Kranch

rumours about the French

group, BSN, were also revived. Nurdin & Peacock rose 7 to

182p on renewed hopes that SHV will launch a bid, while Borthwicks jumped 6 to 62p in

bid speculation.

asonable volume amid vague

British Aerospace's rejection

as "totally inaccurate and irre-sponsible" of a recent newspa-per article criticising the group

over its trading strategy and the Government on land valua-tions, made little impact on the

ahares, unchanged at 485p. Increased mid-term profits

supported Hunting Associated Industries but failed to infin-

ence Henry Boot which slipped 10 to 388p. Slebe rose 7 to 385p, while demand in restricted

markets lifted ASD 35 to 428p

and Burndene Investments 12

to 1800. Lodge Care furthered

its strong run to end 17 higher

at 219p, Cannon St. Invest-

1494.0 1457.9 1527.3 Lloyds Bank.
The mystery over the recent Ord. Di. Yield Earning Yid %(kuit) P/E Ratio(Nex)(b) SEAG Sargathas(Spat) Equity Turnover(Em)t Equity Bargainst Shares Traded (ms)† 4.65 11,74 19.32 24,879 1021,47 24,402 473,5 3.97 9.72 11.69 10.36 29,590 1276.40 30,334 506.2 28,812 1002,23 28,695 395.8 25,195 26,163 1175,46 Ocuring 616 am 611 am 612 pm 61 pm 62 pm 63 pm 64 pm 1511.0 1511.6 1512.8 1514.9 1515.5 1516.2 1514.0 1514.2 DAY'S HIGH 1516.5 DAY'S LOW 1511.0

Basis 100 Gove. Secs 15/10/26, Fixed Int. 1928, Ordinary Gold Mines 12/9/55, SE Activity 1974, ±145, 10.44 1E

Government Sacs

81.43 127.4 (3/1/75) 86.67 (16/7/87) (26/8/40) (8/2)162.7 734.7 43.5 (22/9) (15/2/63) (26/10/71) (7/1). S.E. ACTIVITY Oct 18 Oct 17 Gilt Edged Bargains 116.0 122.3 Equity Bergaine Equity Value 5-Day average Gilt Edged Barga Equity Bargains Equity Value 111.0

Gas flame reduced by MMC

Recent concerns in the market \$20 about the possible outcome of the Monopolies and Merger Commission inquiry into the pricing of gas to large indus-trial users came home to roost when the MMC report was announced during the early afternoon, bringing with it numerous criticisms of the

company. British Gos shares, bought up to 175p during the morning session, subsequently came under sustained selling pressure after the details of the report were known and fell away to end the day a net 41/2 lower at 169%p, after 169p. Turnover, which barely reached a million shares before lunchtime, erupted after the official news and grew rapidly to 19m shares at the close.

Dealers said that the huge selling pressure that accompanied the report had perhaps "been overdone — it didn't look like the end of the world to me, but you can't argue with some of the heavy amounts being offered around today". Numerous big selling orders of im-plus flashed across the Seaq sceens, although traders reported plenty of buying action in the chares. One deal of 2.5m at 171p emerged soon after the MMC report.

Abbey Life halt

The numerous rumours surrounding life assurance group. Abbey Life reached a climax yesterday morning when sto-ries of a tie-up deal with Lieyds. Bank whistled shound the mar-

Abbey Life-shares, strongly. supported and bought up to 306p on Tuesday amid yet another flurry of takeover speculation, dipped off sharply at the outset and touched 294p the request of the company" around 9.35am. Turnover up to the suspension of the shares totalled 3.9m. A statement from the group is expected

today. The market story went that Lloyds Bank would inject their life assurance, unit trust, fund management and estate agency businesses into Abbey in return for a 29.9 per cent stake

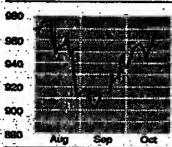
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1

in the life group.

Lloyds Bank shares, heavily bought in recent weeks amid various stories of possible stake-building and takeover. speculation, continued their advance after the suspension anyance after the suspension of trading in Abbey and even-tually ended the day a net 10 higher at 329p after turnover of 6.5m. Commenting on yesterday's stories, Terry Smith,

FT-A All-Share index



bank analyst at BZW said: "If this is true it looks a very positive deal for Lloyds,"

B&C rally again

Speculation of a management buy-out revived as British & Commonwealth (B&C) pulled further away from the year's low point. The close of 10 up at 241p was below the day's highest, but still pleased dealers who reported the heavi-est turnover (7.2m shares) in the stock for many months. "Any excuse to reverse the victous and fast fall from favour this year is good, enough, said one. Those the recovery continues", he added. Several investment houses

have recently pointed out that B&C is trading at a large discount to its break-up value. Most have concluded negatively because of the sector's prolonged weakness, but ear-lier this week Smith New Court gave the stock a positive ment. It told clients, B&C is now attractive to medium-term investors."

In the clearers NatWest

jumped 11 to 560p - "we're waiting for the Japanese sell-ing" dealers said, Royal Bank of Scotland, after the BZW ungrading moved up 8 to 360a.

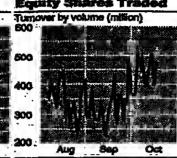
The ware keenly sought and rose 2% to 110% per 8 a.

The life sector showed Legal & General 5 higher at 316p after news of the link up with Gloucester & Cheltenham Building Society, Composites, after a recent visit in the com-however, were restrained by pany and talk of a bear

came in South America.

Brokers were highlighted by
CE Heath which raced up late
in the day to close 7 firmer at
454p amid market rumours

Equity Shares Traded



that Italy's Generali may be about to buy the the near 17 per-cent stake in the company held by merchant bank Ham-

Off stocks were upset again by the erratic trends in crude oil prices Brent for November delivery dipped sharply to as low as \$12.55 a barrel before rallying late to some \$13.15 be barrel. Both classes of BP, where turnover totalled around were little changed on the

Brewery stocks were dull. Scottlah & Newcastle fell 2% to 392%p in subdued turnover of 4.8m shares. At one stage the shares fell as low as 385p, with one marketmaker reported as an aggressive seller at the 3880 level. Base rose 9 to 798p on institutional interest.

A late whisper that a major bid in the building sector could be in the offing triggered a flurry of buying interest in the market towards the close.

Strong performers included building materials groups Hatock Johnson, 5 up at 1800 and Redland 4 better at 440p. Marley, an old takeover favourite in buildings, moved up sharply and settled 5% firmer at 178%p. RPB hardened 3% to 255%p. Ahead of forth-coming results Manufalls Hallcoming results Manufalls Hall-fax jumped, 7 more to 245p. Winger sidded moto close 4 higher at 281p. Countryalds leapt 13 to 261p, Barratt Devel-opment rose 5 to 177p and Car-adon 18 to 358p. Spring Ram, after a recent visit to the com-

Percenti, in the wake of press comment on the possibility of the group winning the Eurofighter radar contract, were finally 2 higher at 190p,

with turnover at 13m shares. Turnover in Plessey and GEC was much smaller than

on Tuesday, but remained above average. Some 8.2m GEC changed hands; with the shares finally a penny off at 167%p. Plessey, after turnover of 3.3m, were marginally easier at 188p. Racal moved up 4 to 311p on a trade of 48m ahead of Fri-day's deadline for holders to apply for RTG shares. STC were persistently supported

and settled 3% to the good at 290%p amid market rumours of imminent profits upgradings.

Dealers noted useful activity in British Telecom which, although little changed at 244p, attracted turnover of approach-ing 5m; Telecom's second quarter figures are expected next month, with Robert Fleming going for £615m against last time's £567m.

Australian acquisition news boosted Thorn EMI 4 to 670p. The recent batch of company The recent batch of company presentations triggered good support for softwars house Logica, finally up 13 at 383p. Sems advanced a further 7 to 324p after French group Cap Gemini Sogeti revealed it had increased its holding in the company to 28.95 per cent. company to 28.96 per cent

International stocks were generally better in improved trading ICI added 9 to 1054p as 1.5m shares changed hands, while Glaxe gained 12% to 1114%p (2.8m). Both stocks enjoyed US demand, while there was positive news for Glazo from a SmithKline meeting for analysts on Tuesday which highlighted the strong performance of Giaxo's anti-nicer drug Zentac against com-petitors including SmithKline's

own hrand Tagamet.
Fisons rose 3% to 267p after sucther good volume of 5.5m shares. There was much comment on the results of Fisons's meeting with the FDA in the US lest Thursday, with no clear picture emerging. One unsubstantiated report suggested that approval for serosal pentamidine is now much closer than people have fact that the FDA has accepted the original 002 trial data as an historic control seen as a major step forward. Analysts agree that approval could be granted towards the end of this year or

early in the new year.

Beecham ran into strong selling pressure late in the session and fell 5% to 478p in

in the pipeline. Reckitt & Colman enjoyed a heady run, gaining 25 to 960p, after 966p, in improved turnover of 775,000 shares. Warburg TRADING YOLUME IN MAJOR STOCKS

17.57



nts gained 9 to 263p, Interlink Express 10 to 243p and Arthur Wood the same amount to 172p. But profit-taking brought Chamberlain & Phipps back 8 to 166p and Lawter weakened late to close 10 down

Pleasurama closed at 228p, a gain of 4, but this disguised the gain of 4, but this disguised the real action as Barclays de Zoete Wedd again moved in late on to buy shares on behalf of predator Mecca Leisure. BZW was bidding 240p for stock and by the close some 17m shares had gone through the system indicating that the the system, indicating that the outcome of the Mecca bid

would be a close-run thing. iecca shares fell 2 to 177p. Mount Charlotte closed at an all-time high, 13 better at 1560 amid rumours that the KIO had passed on its stake , with deelers also pointing out that there was a shortage of stock. Queens Most rose 4 to 103p, while Stakis climbed 3 to 108p. T Cowie, the motor distribu-

tor, became a target for speculative buyers and rose 6 to a 1988 peak as stories went the rounds again that predators were casting more than casual giances at the company. Kwik-Pit progressed on a late flurry of buying to finish 7 up at 115p. Pally Pack was checked not only by continuing stories of higher tax charges and impending court action, but also by speculation of fund raising via a rights issue, possi-bly in order to mount a take-over bid for Borthwicks

Activity in traded options was again at a relatively high level, reaching 40,044 contracts. made up of 30,497 calls and 9,547 puts. The lack of direction in the underlying market expressed itself in combination trading in the FT-SE 100 options contract, with 6,647 calls and 2,565 puts making a total of 9,212. It was noteable for dealings centred on December 1900 calls.

Lonrho attracted calls of 4,416 contracts and puts of 441, and British & Commonwealth calls of 1,923 and puts of 452. GEC remained at centre stage, against the background of demand for the shares in the underlying market, with 2,942 calls traded, largely in the October 140s, against only 128

 Other market statistics. including FT-Actuaries Share Index and London Traded Options, Page 27

NEW HIGHS AND LOWS FOR 1988

MONTH HOUSE, (so.).

METABLE FUNDS (2) Tream, Signe 1984 "A".

War Loan 3-jon Bit Shalk, a O'REAG GOVT.

STLES, SSUEE (1) Ud., Mandam Sinke 18-jpg 3008, AMERICANS (1) GATK (2-je., CAMADANS (1) Hardoon's Sey, SAMOS (5) AAZ, Samir of treiend, Chap. Fift; Dowlanding Dit., 1782 Chamos Hardoon's Sey, MANDERS (3) Investigate (3) Investigate (3) Investigate (4) Investiga J. Bank of many districts.

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J. Bank of Many districts.

J. Bank of Many distr Grp., Pilop Higds., Pressas, Gens Grp., EMGBHEETHIME (H) A.Cohen, Cook (Wm.). Frith: Kil.K.), Revolaf, Thyesen, Weir Grp., ROCOE (E) Applieby Westward Grp., Even Foods, Nurdin Pessock, NOTHLS (1) Mou

emeryonte ind., Borenier kode., Christian Ind., Expelitor Jurgellery, Hagines (J. T.), Hausing Assoc., Longe Care., Mackeriness Grp., Noble & Lund, Nobe Gra., 3t. Gobula Book Robertson, Solleschy a Philips. Institute (J. T.), Buster, (J. W.), Indianalizakietti (J. Yhausine, C.E.), Taleisa, Lilimure (B. Causine, Coperanications, GWR Grp., PULDY Realis, Magrows (T. Coperanications, GWR Grp., PULDY Realis, Magrows (T. Causine, Cappanications), Coperanications, GWR Grp., PULDY Realis, Maryland Chr., PROPERTY (B. Prischer, Eriste, Marylander, PROPERTY (B. Prischer, Eriste, Marylander, PROPERTY (B. Prischer, Eriste, Marylander), Anglessey Realis,

STOP LOVES (17).
POODS (2) Acades & Hutcheson, Sings Food
Grp., MEDICALE (2) J.S. Pethology.
Lavines, MOTORIO (1) Opics, SHOES (1)
Hundles, Sings, Thillip's (1) Child Health
All 2 (1) Sendplor (2), MESS

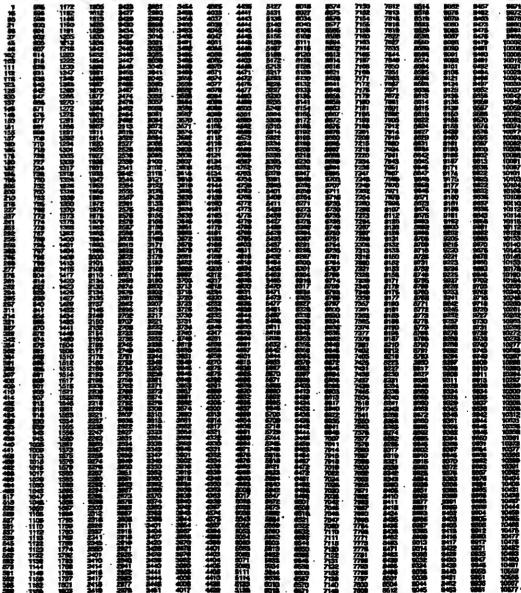
turnover of 8.1m. Rumours that the company was about to launch a rights issue ahead of a major acquisition were behind the selling, but it was subsequently confirmed that Mr Bob Bauman, chairman of Beecham, had spoken to ana-lysts to dampen the speculation. Beecham is believed to have approached institutions over the last few months to canvas the idea of a rights issue, but nothing is currently

AKTIEBOLAGET SVENSK EXPORTKREDIT ("SEK" Japanese Yen 12,000,000,000

6 3/4 per cent. Bonds due 20th November, 1991

NOTICE OF REDEMPTION BY ANNUAL INSTALMENT

On behalf of SEK, The Nippon Credit Bank, Ltd., as Fiscal Agent, hereby gives notice to holders of the abovementioned Bonds that pursuant to Condition 4 (A) and (E) of the Bonds, YEN 2,000,000,000 nominal has been selected for redemption at par on 20th November, 1988 through drawings by lot, The serial numbers of the said Bonds selected are follows:



APPOINTMENTS

Senior post at Midland Bank -

m Mr Chris Thom, regional director of MIDLAND BANK's East Anglian region, has been appointed payment operations director, UK banking Mr John Holloway, area manager, Enfield, has been appointed regional director, East Anglia.

M Sir Peter Walker-Okcover has become a non-executive director of the TARMAC housing division.

RKF GROUP has appointed Mr Richard Heron to the board. He is chairman of E.T. Heron & Co, the printing group acquired by RKF in September.

Mr Michael Leddy has become financial and commercial director of the EDWARD ROSE GROUP, part of Wagon Industrial Holdings.

m Mr R.D. Pike has joined the board of QUADRANT GROUP. He was previously with J.J. Silber, a subsidiary of Great Universal Stores.

TOMKINSONS, the carpet manufacturer, has appoint Mr Michael A. Hield as its operations director.

Mr John Cameron has joined KLEINWORT BENSON as a director in international



Mr Michael Jenkin, senior vice president and secretary for GRE of America Corp. has hecome an assistant general manager at GUARDIAN BOYAL EXCHANGE and will be its chief compliance officer.

corporate finance covering the ITK. He was an executive director at County NatWest in charge of UK business

ST ALBANS RUBBER producer of engineered cellular polymers, has appointed Mr Albert F. Rose its managing director. He was formerly director and general manager. Also joining the board are Mr David C.R. Bickle, financial director, and Mr Paul W. Gisbourne, production director.

Mr D.G. Welchman has become director of public offsire for INTERNATIONAL

DISTILLERS AND VINTNERS. He was director of public affairs at Grand Metropolitan

ROBERT FLEMING & CO has appointed Mr Michael Ladenburg as a director of corporate finance from October 31. He is a director of J. Henry Schroder Wagg and Co.

M WYLES, the Manchester-based electrical switchgear manufacturer, has made Mr Christopher Figoatrick its managing director. He joins from Victor Products where he was managing director, TORK TRUST has appointed

Mr Neil Milne executive director with responsibility for corporate finance. Mr Radwan M. Termanini becomes non-executive director. He is general manager, Arabian General Investment Corporation,

m Mr W.R. Berkley has joined the board of LEP GROUP following the acquisition of the National Guardian Corporation. He is chairman of National Guardian Corporation and W.R. Berkley Corporation.

PAYNES OF NOTTINGHAM has made Mr Mike Jewell its marketing director and Mr Brian Dent production

At the GUIDEHOUSE GROUP Mr Anthony Crossdale has joined Mr Andrew Cadge as joint managing director of



Mr Anthony Psak has been appointed managing director of VICKERS SHIPBUILDING AND ENGINEERING, a subsid lary of VSEL Conscribum, the Barrow-in-Furness warship and armaments group.

Guidehouse Insurance Services and Guidehouse Marketing Consultancy.

Mr P.J. Bayfield, Mr D.M. Menzles and Mr J.R.F. Veller have become directors of C.T. BOWRING REINSURANCE.

M Mr John Parkinson. formerly AUSTIN ROVER's director of fleet operations, has been appointed UK sales

Mr Duncan Paterson has been appointed director of finance and administration. for COUNTY NATWEST MANACEMENT.

NOTICE OF FINAL REDEMPTION Also on behalf of SEK, The Nippon Credit Bank, Ltd., as Flacal Agent, hereby gives notice to holders of the balance of YEN 8,000,000,000 northal Bonds remaining outstanding after the above mentioned redemption of annual instalment that these Bonds will be redeemed at 100,75 per cent. of the principal amount on 20th November, 1988 in accordance with the Condition 4 (B) of the Bonds.

All Bonds here described will be paid, upon prespitation and surrender together with all unmatured Coupons appertaining thereto, at the specified offices of the Fiscal Agent and any additional Paying Agent named therein in the manner described in Condition 6 of the Bonds.

The Coupons due on 20th Nevember, 1988 should be presented for payment in the usual manner On and after 20th Nevember, 1988 interest on the Bonds shall cause to accrue. The undermentioned Bonds, drawn for regermption on 20th November, 1987 have not yet been presented

8002, 8003, 8004, 8005, 8006, 8007

20th October, 1968

The Nippon Credit Bank, Ltd.

LONDON SHARE SERVICE

· - · ·	LONDON SHARE SERVICE		•
AMERICANS-Contd BUILDING, TIMBER, ROADS	ELECTRICALS - Contd ENGINEERING - Contd	INDUSTRIALS (Miscel.)—Contd INDUSTRIALS (Miscel.)—Contd.	
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Copper and zinc scale fresh peaks

By Kenneth Gooding, Mining Correspondent

COPPER AND zinc prices on the London Metal Exchange yesterday moved to record levels amid growing concern about the impact of the miners' strike in Peru.

That country supplies about 5 per cent of the copper mined in the non-Communist world and about 10 per cent of the

Mr John Harris, an analyst with London-based metal trader Rudolf Wolff, pointed out: "This is the third major strike in Peru this year and there is considerable worry that this might be the big one.
"The Peruvian mining industry is already in a sorry state because of the lack of funds to buy new equipment and this will do even more harm."

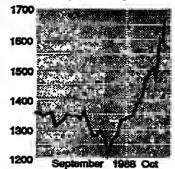
The strike is taking place against a background of high demand and tight supplies for

Copper prices yesterday jumped above the peaks reached in January with grade A metal for delivery in three months rising £52 to £1,632.50 a tonne. Copper for immediate delivery advanced by £85 to £1.746 a tonne. Mr Harris suggested there

was probably a great deal of shortcovering (traders buying to cover earlier short sales) yesterday which boosted the price substantially. So there might be a correction, perhaps as much as £160 a tonne for three-months copper.
The turnoll in the market

comes at a difficult time for the industry because the so-called mating season when producers and consum-ers discuss details of their new long-term contracts - is just getting under way-However, even without the Peruvian factor prices would

Cash metal (\$ per tonne)



have been high, fueled by strong demand for copper from Japan and the US and moderate demand in Europe. The New York Commodity Exchange (Comex) has been reflecting conditions in the US and its stocks fell again yesterday by another 239 tonnes to

Mr Harris suggested there would be further falls in Comex stocks and this might encourage movement of copper from Europe to the US with consequent implications for the LME stocks and prices.

High grade zinc established a new record during LME ring trading yesterday and touched \$1,532 a tonne for metal to be

delivered in three months. At the close the price had eased back to \$1,524.50, up \$59. Cash zinc closed at \$1,872.50 a tonne, \$77.50 ahead of Tuesday's close.
Traders pointed out that the

Peruvian strike had come at a time when physical demand for zinc was building up back to the high levels seen earlier this year and when stocks were low.

Peruvian miners' strike spreading slowly

Last year production and it is thought the Govern-declined to 870,000 bags (60 kg ment might even decide to

By Veronica Barufatti in Lima

PERU'S THREE-day-old fulfilled its part of the miners' strike is spreading slowly and deliveries have not yet been affected. Miners from Cohriza, the

state-owned copper mine. joined in on Tuesday bringing the percentage of miners on strike up from 47 to 49 per An official of Southern Peru

Copper Corporation, the country's largest producer, said that the 3,860 miners at the Toquepala, Cuajone and Ilo mines had all downed tools. Deliveries however would not be affected for another week and there were no plans vet to declare force majeure the official went on to say.

A representative of the National Federation of Mining, Metallurgical and Steel Workers claimed, meanwhile, that the Government had not

By Tim Coone in Managua

For Nicaragua's coffee

growers, it never rains but it

A prolonged rainy season has brought the promise of a good harvest this year, but at

the same time has produced an

early ripening of the beans and

fears of a labour shortage, and washed out many of the

mountain roads along which

the coffee has to be brought to

Nicaragua traditionally produces about 2 per ceot of the world's arabica coffee, but over

the past three years has seen

its ontput fall under the

economic crisis, the guerrilla war disrupting the main

growing zones, and perennial

problems of obtaining suffi-

cient labour to pick the beans.

LONDON MARKETS

abined effects of a severe

depulping and drying plants.

agreement which ended the month-long strike in August, which cost the country over \$140m in lost production.

The miners' demand included a substantial pay rise, wages to be indexed to inflawages to be indexed to mina-tion, which was running at a record annualised rate of 114.1 per cent in September, a six-hour working day and early

Mr Armando Villanueva del Campo, the Prime Minister. was due to meet miners' representatives yesterday to try to reach an agreement to end the strike, which Peru can ill-afford. The National Mining Society

has taken legal action to have the miners' strike declared illegal.

Traditionally in Peru, mining companies have dealt with

each) from a historic peak in

1982-83 of 1.5m bags, and

although hopes have been

raised for an output boost of

150,000 bags this year, those hopes may yet be dashed because of the early harvest

The harvest has been

brought forward by almost a

month this year and started officially last week. Each year brigades of teenage school

children and university students flood to the

mountains to boost numbers

needed to bring in the harvest over a three-month period. The brigades will not be available

until the end of the school

term next month, however,

Close Previou

and inadequate preparation.

their own miners' unions on a one to one basis. The miners strike last July and August was the first occassion on which the miners went on strike nationwide. The move succeeded in procuring the Government's recognition of their national demands.

Mining companies complain

that they now have to deal with two unions, both on a local and a national level, whose demands are often duplicated and superimposed. Two miners were assassi-nated hy hooded Sendero Luminoso terrorists in the Centromin mine of La Oroya early on Tuesday after a petrol tank had been blown up there on Monday night. On Sunday a miners' union representative in Morococha, was assassi-nated on the eve of the strike.

Five others have received

ment might even decide to

suspend classes in order to

save the harvest, which is

Nicaragua's most important

According to Mr Franciso

Berrios, a representative of the small farmers' organisation,

Unag, in the coffee town of

Jinotega, "there is a danger

that the beans will start falling

from the husbes soon if we do not have enough pickers."

throughout the country, and many of the "beneficios" - the

processing plants which depute

are still unable to operate because of the rain. Quality of this year's crop may therefore be affected if the rains do not

ease up soon.

Rains are, continuing

foreign exchange earner.

There is increasing fear in Lima that Peru is heading towards economic collapse, and that the wave of strikes affecting the country today, combined with increasing terrorism, will accelerate this

A team of 40 politically independent economists is reported to be working frantically to draw up an economic programme before the arrival of representatives from the international financial community scheduled for the end of October. This team has received the full support of Mr Abel Salinas, the Finance Minister, and Mr Villanueva del Campo.

It remains to be seen whether the economic plan will be given the go-shead from

Another threat to crop qual-

ity is the deteriorated state of

the roads in the provinces of

Jinotega and Matagalpa, over

which 60-70 per cent of the

country's coffee output has to travel. Although most are still

passable, the delays involved

in travelling over the deeply

rutted roads are likely to

create transport bottlenecks.

Delays in getting the picked beans to the depulping and drying plants can cause their

fermentation and hence a loss

of quality.
Meanwhile, the deep eco-

nomic crisis affecting the

of machinery and spare parts, adversely affecting the avail-ability of both transport and of

earthmoving machinery to repair the roads.

Rain poses coffee problems for Nicaragua Canada faces

By David Owen in Toronto

CANADIAN CEREAL farmers. still dusting themselves down after this summer's serious drought, are bracing themselves to cope with a new threat; an invasion of Russian wheat aphids.

ing migrated into the province from Montana in July. The aphids, which are also a prob-lem as far afield as southern Africa, were first identified in Mexico in 1989 While crop damage in Can-

ada has to date been relatively minor, the aphids are esti-mated to have caused some \$50m worth of damage to US crops over the past two years.

US MARKETS

IN THE METAL markets, prices were

firm for the most of the day as a rally

in crude oil sparked inflationary tears reports Drexel Burnham Lambert.

Copper continued to be strong, as a 555 point advance made new contract

highs. December copper settled at

13335 with heavy volume seen throughout the session. In the setts,

volume was light in most of the

High price seen hitting aluminium demand

By Kenneth Gooding

ALUMINIUM'S competitive position against most other materials now looks dreadful because of its high price and because of its ingn price and the effect may linger for some time, suggests Anthony Bird Associates, the consultancy group, in its latest report. Consquently, Bird expects annual growth in aluminium consumption to fall from 5.6

per cent last year to less than 1 per cent in 1988 and for there to be little change in 1969. There could be a renewed acceleration in consumption in

1990 or early 1991 because aluminium's price has fallen from the "outrageous" levels during the second quarter of this year while the price of many competing materials has begun to rise.
Bird predicts that production.

capacity utilisation rates will remain "reasonably high" and well above 90 per cent to 1990 and, when demand picks up, smelters will once again have to work hard to keep up."

The group repeats its previous warnings that there is an urgent need for investment

in new capacity and insists fewer smelters are being planned than will be needed. "On the basis of current plans, 15.6m tonnes of capacity are likely to be in place by 1996 - still not quite enough.

Bird suggests aluminium prices could dip from the current \$1 a lb level to 62 cents to 70 cents a lb by late-1989, depending on the exchange rate assumptions made, before rising quite strongly again in 1990 and early 1991. "Aluminium Analysis" quar-terly from Bird Associates, 198

Richmond Road, Kingston upon Thames, Surrey KT2 5DD, UK.

aphic invasion

The green spindle-shaped pest has spread rapidly through southern Alberta, hav-

High-tech breeders strike it rich in ram market

Chris Sherwell explains why fecords are being shattered in Australian sale rings

HATCHER IS a high performer, has good structure and fine fibre. So does Reagan. Unlike the politicians, however, they are selected, not elected. For they are rams. And thanks to modern breeding technology, their prowess will surely

ootlast them. Home is a green paddock at Collinsville stud, outside the old South Australian mining centre of Burra. Just as the towa's copper brought fame in the 1850s, Collinsville's Merino sheep are rekindling its

reputation. The stud is not the country's largest in terms of ram sales. That title goes to Mr Rupert Murdoch's Boonoke preperty in New South Wales. But when it comes to prices, Collinsville,

The astonishing figures its stock can command in the sale ring are partly a product of the extraordinarily vigorous world wood market, where prices have reached unheard of levels over the past year. Wool has regained its once-customary entire as Australia's appears statos as Australia's anmin one export, earning A\$6bn (£2.7bn) last year, and the country is once again "riding on the sheep's back."

The ram prices also reflect Collinsville's long and close association with the ancient and mystical Australia art of sheep breeding. Some 46 per cent of Australia's total flock of 150m-add sheep are genetically connected with Collinsville.

But there is a third

important reason for the remarkable trend in Collinsville ram prices, This is the fact that, three years ago, it fell into the hands of Mr Nell Garnett, from a Western Australian sheep breeding family. He says it was "like a mouse biting an elephant." He is estimated to laye paid A330m for the place and spent another A45m on it since. It is his quick introduction of

new techniques to Australian sheep breeding which has changed the face of the market. In the process he has autagordeed the traditionalists by debunking some of their mythology and methods. And he has provoked a huge row over the export of rams and ram semen to other woolproducing countries. In technical terms, what he

is doing is adapting the methods of artificial lisemina-tion and emisyo transfer long known by cattle and horse The techniques involve

obtaining the semen of selected rams, synchronising the fertil-ity cycles of hundreds of ewes, injecting the semen into eggs

A BREATHTAKING world A HREATHTAKING world record price of A\$530,000 (£150,000) was paid in Australia yeaterday for a merino ram, utterly eclipsing the previous record of A\$215,000 set inst year.

The buyer was Mr Mike Gore, a colourful buddlessman from Queensland, and the ram came from Collinsville stud, north of Adelaide, which also produced the previous record-setter.

setter.
The transaction unfolded at an auction held in Dublio, New South Wales, one of four major.

120 sales held around the

country such year.

Testerday's price, which exceeded most expectations, confirms that a quantum leap

has occurred recently in rant

of selected ewes through in ment allowed the expert of 500 vitro fertilisation, flushing the grant a year. Now the question new embryos from the uterus, and transferring them to nd transferring them to restrictions on season, which at unogate ewes.

Further revolutionary of no cures at all surrogate ewes.

changes are on the way. New techniques which allow the multiple splitting of embryos at an early stage are also being developed, so that particular desired traits, as shown through extensive progeny testing can be replicated And there is talk of "sexing"

Thus, where before a ram-could size 300 lambs in its lifetime, now it might be 30,000, continuing long after its death. Not only that, it is also becoming possible to repeat almost infinitely the crossing of a particular ram's semen

and ewe's egg.
The value in all fles is pishity considerable. What is more it is directly relicable through the ram suctions and

indeed, the principal reason-for the rise in ram prices over the past three years is the value of season. A ram can deliver enough in a single year; for up to 20,000 dines, making it possible for a buyer to recover his costs quickly. The trouble is, it is an international market, and that

has meant the revival of an old. and flerce argument about rain. The sakes areas enjoy.
exports in which passions run. It is a built he stands a good extremely high. The issue is chance of whiches he July Mr. simple: is Australia underwin. John Kerin, the Minister of Prisimple is Australia undermin. John Revin the Minister of Pring the future of its wood many industries and Energy, industry by exporting its very, showed his inclinations by sugheritage? Or should it move gisting that Australia could no quickly to dominate a world. Toger afford trade restrictions, wide market world on comparing and supporting the estimated Alboom?

Back in 1929, when the fit the existing curbs are

Australian clear. Then in 1970 the ban was partly relaxed, and the Govern-

14.90 14.90 14.95 13.97 14.00 14.15 14.31 Pa.40 CX

Nor Jun Mar May Jul Aug Sup

Latest Previous High/Low

15.90 14.82 14.62 14.55 14.67 14.63 14.60 14.60

14.61 14.04 18.79 13.71 13.71 13.78 13.82 13.86 13.90

15.15 14.62 14.41 14.32 14.40 14.45 14.63 14.60 14.62

values as a result of new hreeding techniques, developed principally at Collinsville by Mr Nell Garnett and Mr Peter Vettch, involve the use of arti-Veitch, involve the use of artificial breeding sectations, alongside traditional methods. The result is that rams are now valued mainly for the somen they can produce, which can be kept in from form over a long period and, through in vitro fertilisation, produce larger numbers of moreover.

progeny.

The scale of the record is nevertheless a surprise, since Collinsville recently imposed a condition under which it insisted on receiving half the net proceeds of the fature senien seles frein its rame.

rams a year. Now the question is whether there should also be

or no cures at all.

The indistry a stablishment is opposed to the export of genetic material, but somewhat inconsistently is not campaigning for righter restric-tions on rain experts.

The argument is that the Soviet Union and China, which have similar-sized flocks to

Australia's, and other produc-ers like Argentine, should not be offered Australia's hard-won genetic material for the sales of

genetic material for the selection.

A few million dollars.

Mr Garnett takes the apposite view. Fundamentally he is against any restrictions, but expended, they should be on semen, not rame, and should include eves as well.

Alis case for indictored traffic is simple. Modern techniques many a breaster care more mean a breeder can now achieve in a few years what nsed to take more than a hundred. So, he says, any country which wants a won' industry can have one, with or

without Australia.
Finally, no other country can produce the same quality of wool as Australia because no other country less the envi-ronment and climate Austra-

Australian Government removed, it will mean Austra-slapped a ban on all ram lie can expert to the world its experts, the answer seemed own versions of Thatcher and Reagan - courtesy of stude like Collinsville.

Chicago

805/4 819/4 830/2 881/2 826/6 812/0 763/0

SOYAREANS.5,000 by ming-penter60to

805/4 817/8 826/6 826/4 823/6 811/0 757/0

WORLD COMMODITIES PRICES

COFFEE prices eased yesterday in light trading. Dealers said the market fell largely because of a lack of support rather than any aggress selling. They are waiting to see if a rise in the international Coffee Organisation total export quota will triggered next week. However, it loc increasingly likely that the indicator price will fall this week below 114.40 cents a Ib — the level necessary for more coffee to be released. Dealers hand-to-mouth until the quota increasituation was clarified. This is partly

responsible for the lack of support ures. If no quota increase is forthcoming next week, traders speculated that the market might rai to draw out more coffee under the complicated quota system. Cocoa prices closed virtually unchanged reaching six-week highs earlier. SPOT MARKETS

Crude ell (per berrel FOB)

Dubet 311.50-1.60x +0.55 Grent Blend 513.25-3.53x +0.45 W.7.L (1 pan ecc) \$15.17-5.20x +0.55 CFI products (NWE prompt delivery per tonne CF) + cr Premium Gasoline \$172-175 +1.5	2
### Blend \$13.25-3.552 +0.45	2
W.7.I. (1 pm ect) \$15.17-5.20z +0.51 Off products (NWE prompt delivery per tonne CIP) + cr	
Off products (NWE prompt delivery per tonne CIP) + or	
(NWE prompt delivery per tonne CIF) + or	_
+ 01	
T-10-10-10-10-10-10-10-10-10-10-10-10-10-	
Premium Gasoline \$172-175 +1.5	•
	_
Naphthe \$138-148 +3	
Petroleum Argue Estimetes	
Other + or	_
Gold (per troy 02) - \$411.0 -0.75	_
Silver (per truy oz) 635c -3	
Pletinum (per troy oz) \$538.50 -1.75	
Patiedium (per troy oz) \$123.25	_
Aluminium (free market) \$2837.5 +90	
Copper (63 Producer) 1385-454c +45	
Lead (US Producer) 39c	
Nickel (free market) 525c -5	
Tin (European tree market) 24235 -17.5	
Tin (Kusia Lumpur market) 19.65r +0.05	
	•
Zinc (Euro. Prod. Price) \$1437.5	
Zinc (US Prime Western) 70%c +1	
Cattle (live weight)† 107.95p +0.11	•
Sheep (deed weight)† 138.21p -5.32*	
Pigs (live weight)† 73.86p +0.30	r
	_
London delly suger (raw) \$263.0w -2.5	
London daily sugar (white) \$264.0w +1.0	
Tate and Lyle export price £259.0 -2.0	
	_
Sarley (English feed) £111v	•
Maize (US No. 3 yellow) £126.5v	
Witheat (US Dark Northern) 2119.0v -1.5	
	-
Rubber (spot)♥ 58.50p +1.50	
	1
Rubber (Nov)♥ 64.75p +1.50	
Hubber (Nov)♥ 64.75p +1.50 Rubber (Osc) ♥ 65.25p +1.50	,

\$565w \$432.5i \$380 \$193 57.55c 672p

Dec			
	799	796	821 796
Mar	797	795	823 796
May	805	804	831 803
Jul Sep	815 830	813 827	636 813 850 829
Dec	870	870	885 868
Mar	865	880	
Torrect	7880 /	smach today	of 10 tonnes
ICCO.	indicator (TORR (SO)	Ra per tonne). Dally
price	for Oct 19:	1014.08 (016.16):10 day aver-
		87.27 (962	
COFF	Ell £/tonne		
	Close	Previous	High/Low
Nov	1133	1748	1150 1181
Jan Mer	1132 1124	1144 1134	1142 1125 1132 1120
May	1124	1130	1130 1110
Jly	1122	1133	1127 1110
Sep	1127	1133	1120
Sep	1130	1130	1115
Thermon	var: 2861 (2745) lots	of 5 tonnes
KCO I	dicator pr	ices (US c	cents per pound) for
Oct 1	8: Comp.	dally 113.6	Pents per pound) for 7 (113.68); . 15 day
evers	90 114.83 (115.00).	
-			
SUQA	JR (S per to	nane)	
Have	Close	Previous	High/Low
Dec	231.00	230.00	281.00
Dec	219.00	220.40	221.50 217.50
May	215.00	215.20	217.00 213.00
Aug	211.80	211.80	212.00 210.00
Oct	209.00	219.00	210.00 207.00
Mgr	203.00		206.00 204.00
Wido	Close	Previous	High/Low
	263.00		
		262.00	252.00 260.00
Dec		254 (1)	
Mar	252.50	254.00	255.00 250.10 252.00 249.70
Mer . Mey	252.50 251.80	252.50	252.00 249.70
Mar	252.50	252.50 252.50 252.50	
Mer Mey Aug Mer	252.50 251.80 251.80 250.00	252.50	252.00 249.70 252.00 262.00 252.00 249.80
Mey Aug Mer Turno	252.50 251.80 251.80 250.00 Ver: Raw	262.50 262.60 2963 (4985	252.00 249.70 252.00 252.00
May Aug Mar Turnor White Paris	252.50 251.80 251.80 250.00 Ver: Raw 1082 (972) White (FI	252.50 252.50 2963 (4865	252.00 249.70 252.00 252.00 252.00 249.80 lots of 50 tormes. ma): Dec 1635, Mar
May Aug Mar Tunnor White Paris	252.50 251.80 251.80 250.00 Ver: Raw 1082 (972) White (FI	252.50 252.50 2963 (4865	252.00 249.70 252.00 252.00 252.00 249.80 lots of 50 sormes.
May Aug Mar Tunnor White Paris	252.50 251.80 251.80 250.00 Ver: Raw 1082 (972) White (FI	252.50 252.50 2963 (4865	252.00 249.70 252.00 252.00 252.00 249.80 lots of 50 tormes. ma): Dec 1635, Mar
May Aug Mar Tunnor White Paris	252.50 251.80 251.80 250.00 Ver: Raw 1082 (972) White (FI	252.50 252.50 2963 (4885	252.00 249.70 252.00 252.00 252.00 249.80 lots of 50 tormes. ma): Dec 1635, Mar
Mer Mey Aug Mer Tumor White Peris- 1575,	252.50 251.80 251.80 250.00 250.00 Wer. Raw 1082 (972) White (F May 1500,	252.50 262.60 2963 (4865 Fr per ton Aug 1595,	252.00 249.70 252.00 252.00 252.00 249.80 lots of 50 tormes. ma): Dec 1635, Mar
Mer Mey Aug Mer Tumor White Peris- 1575,	252.50 251.80 251.80 250.00 Ver: Raw 1082 (972) White (FI	252.50 262.60 2963 (4865 Fr per ton Aug 1595,	252.00 249.70 252.00 252.00 252.00 249.80 lots of 50 tormes. ma): Dec 1635, Mar
Mer Mey Aug Mer Tumor Write Paris- 1575,	252.50 251.80 251.80 250.00 250.00 Wer. Raw 1082 (972) White (F May 1500,	252.50 262.60 2963 (4865 Fr per ton Aug 1595,	252.00 246.70 252.00 252.00 262.00 246.60) lots of 50 torses. ma): Dec 1636, Mar Oct 1680, Dec 1680
Mer Mey Aug Mer Turno White Paris- 1575,	252.50 251.80 251.80 250.00 250.00 White (FT White (FT May 1500,	252.50 252.60 2963 (4985 Fr per ton Aug 1565,	282.00 246.70 252.00 252.00 262.00 246.60) lots of 50 torses. ma): Dec 1635, Mar Oct 1680, Dec 1680
Mer Mey Aug Mer Tunto White Paris- 1575,	252.50 251.80 251.80 250.00 Wer: Paw 1082 (972) White (F) May 1500, Oil. \$/tonne Close 122.75	252.50 252.50 2963 (4865 Fr per ton Aug 1565, Previous	252.00 240.70 252.00 252.00 262.00 240.00 i) lots of 50 torsees. me): Dec 1635, Mar Oct 1660, Dec 1680 High/Low
Mer Mey Aug Aug Mer Turnor White Perists, ISTS, INOV Dec	252.50 251.80 251.90 250.00 Ver: Raw 1082 (972) White (F May 1500, May 1500, Close 122.75 124.50	252.50 252.50 2963 (4865 Fr per ton Aug 1565, Previous 120.50 122.60	252.00 249.70 252.00 252.00 252.00 249.00 3 lots of 50 tonnes. me): Dec 1635, Mar Oct 1660, Dec 1680 High/Low 122.75 117.00 125.00 110.00
Mer Mey Aug Mer Transo White Peris-1575, INOV Dec Jen	252.50 251.80 251.80 250.00 Wer: Paw 1082 (972) White (F) May 1500, Oil. \$/tonne Close 122.75	252.50 252.50 2963 (4865 Fr per ton Aug 1565, Previous	252.00 240.70 252.00 252.00 262.00 240.00 i) lots of 50 torsees. me): Dec 1635, Mar Oct 1660, Dec 1680 High/Low
Mer Mey Aug Aug Mer Turnot White Parls-1575, I Nov Dec Jen Feb	252,50 251,80 251,80 250,00 260,00 White (F) May 1590, 08, \$/tonne Close 122,75 124,50 125,75 124,50 125,75 124,50	252.50 252.50 2963 (4965 Fr per ton Aug 1965, Previous 120.50 122.50 123.75	282.00 240.70 252.00 252.00 262.00 240.00 3 lots of 50 torsess. ma): Dec 1635, Mar Oct 1660, Dec 1680 High/Low 122.75 117.00 125.00 170.00 128.00 120.25 128.25 118.00
Mer Mey Aug	252.50 251.80 251.80 250.00 Wer: Raw 1082 (972) White (FI May 1500, 08. \$/tonne Ciose 122.75 124.50	252.50 252.50 2963 (4985 Fr per ton Aug 1565, Previous 120.50 122.50 122.50 122.00	282.00 246.70 252.00 252.00 262.00 246.60 3 lots of 50 torses. 301: Dec 1635, Mar Oct 1689, Dec 1680 High/Low 122.75 117.00 125.00 110.00 125.00 110.00
Mer Mey Aug Mer Turno White Peris-1575, Nov Dec Jan Her Apr	252.50 251.80 251.80 251.80 251.80 251.80 251.80 26	252.50 252.50 2963 (4985 Fr per ton Aug 1565, Previous 120.50 122.50 122.50 122.00	252.00 249.70 252.00 252.00 252.00 249.00 3) lots of 50 tonness. ne): Oec 1535, Mar Oct 1560, Oec 1580 High/Low 122.75 117.00 125.00 120.25 128.25 119.00 118.00 177.25
Mer Mer Aug Mer Tiento White Perlas 1575, QAS C Nov Dec Jen Feb Mer Jun	252,50 251,80 251,80 251,80 250,00 Werr Raw 1082 (972) White (F) May 1590, 20,75 124,50 125,75 124,50 115,00 115,00 119,00	292.50 292.50 2963 (4985 Fr per ton Aug 1965, 120.50 122.50 122.50 122.00 120.00	282.00 249.70 282.00 249.60 282.00 249.60 3 lots of 50 tormes. ma): Dec 1635, Man Oct 1630, Dec 1630 High/Low 122.75 117.00 125.00 110.00 128.00 120.25 121.25 119.00 118.00 117.25 115.00
Mer Mer Aug Mer Timor White Perlas 1875, Nov Dec Jan Feb Men Jun	252,50 251,80 251,80 251,80 250,00 Werr Raw 1082 (972) White (F) May 1590, 20,75 124,50 125,75 124,50 115,00 115,00 119,00	292.50 292.50 2963 (4985 Fr per ton Aug 1965, 120.50 122.50 122.50 122.00 120.00	282.00 240.70 252.00 252.00 262.00 249.60 3 lots of 50 torses. sel: Dec 1635, Mar Oct 1689, Dec 1680 High/Low 122.75 117.00 125.00 110.00 125.00 110.00 118.00 117.25 115.00
Mar Mar Mar Tunto White Paris 1575, QAS C Nov Dec Jan Peb Mar Jun	252,50 251,80 251,80 251,80 250,00 Werr Raw 1082 (972) White (F) May 1590, 20,75 124,50 125,75 124,50 115,00 115,00 119,00	292.50 292.50 2963 (4985 Fr per ton Aug 1965, 120.50 122.50 122.50 122.00 120.00	282.00 249.70 282.00 249.60 282.00 249.60 3 lots of 50 tormes. ma): Dec 1635, Man Oct 1630, Dec 1630 High/Low 122.75 117.00 125.00 110.00 128.00 120.25 121.25 119.00 118.00 117.25 115.00
Mar Mar Mar Tunto White Paris 1575, QAS C Nov Dec Jan Peb Mar Jun	252,50 251,80 251,80 251,80 250,00 Werr Raw 1082 (972) White (F) May 1590, 20,75 124,50 125,75 124,50 125,75 123,25 118,00 119,00	292.50 292.50 2963 (4985 Fr per ton Aug 1965, 120.50 122.50 122.50 122.00 120.00	282.00 249.70 282.00 249.60 282.00 249.60 3 lots of 50 tormes. ma): Dec 1635, Man Oct 1630, Dec 1630 High/Low 122.75 117.00 125.00 110.00 128.00 120.25 121.25 119.00 118.00 117.25 115.00
Mer Mer Aug Mer Tiento White Perlas 1575, QAS C Nov Dec Jen Feb Mer Jun	252,50 251,80 251,80 251,80 250,00 Werr Raw 1082 (972) White (F) May 1590, 20,75 124,50 125,75 124,50 125,75 123,25 118,00 119,00	292.50 292.50 2963 (4985 Fr per ton Aug 1965, 120.50 122.50 122.50 122.00 120.00	282.00 249.70 282.00 249.60 282.00 249.60 3 lots of 50 tormes. ma): Dec 1635, Man Oct 1630, Dec 1630 High/Low 122.75 117.00 125.00 110.00 128.00 120.25 121.25 119.00 118.00 117.25 115.00
Mer Mary Aug Mer Turnov White Paris- 1575, Nov Dec Jan Feb Mary Jun Turnov	252.50 251.80 251.80 251.80 251.80 251.80 26	292.50 292.50 2963 (4985 Fr per ton Aug 1965, 120.50 122.50 122.50 122.00 120.00	282.00 249.70 282.00 249.60 282.00 249.60 3 lots of 50 tormes. ma): Dec 1635, Man Oct 1630, Dec 1630 High/Low 122.75 117.00 125.00 110.00 128.00 120.25 121.25 119.00 118.00 117.25 115.00
Mar May Aug Mar Turnov White Parla-1575, Sec. Jan Peb Mar Apr Jun Turnov GRAIN	252.50 251.80 251.80 26	262.50 262.50 2963 (4985 Fr. per ton Aug 1565, 120.50 122.50 122.50 122.00 122.00 125.50 120.00 125.50 125.50 125.50 125.50	282.00 246.70 282.00 249.60 282.00 249.60 3 lots of 50 tornes. mal: Dec 1635, Mar Oct 1689, Dec 1680 High/Low 122.75 117.00 125.00 110.00 128.00 120.25 128.25 119.00 118.00 117.25 115.00
Mer Mary Aug Mer Turnov White Paris- 1575, Nov Dec Jan Feb Mary Jun Turnov	252.50 251.80 251.80 26	292.50 292.50 2963 (4985 Fr per ton Aug 1965, 120.50 122.50 122.50 122.00 120.00	282.00 249.70 282.00 249.60 282.00 249.60 3 lots of 50 tormes. ma): Dec 1635, Man Oct 1630, Dec 1630 High/Low 122.75 117.00 125.00 110.00 128.00 120.25 121.25 119.00 118.00 117.25 115.00
Mar Mary Aug Mar Turnov White Paris-1575, See Jan Peb Mar Apr Jun Turnov GRAIN Wheet Market M	252.50 251.80 251.80 26	292.50 292.50 2963 (4985 Fr. per ton Aug 1995, 120.50 122.50 122.50 122.50 122.00 120.00 115.50 7246) lots o	282.00 249.70 282.00 249.60 3 lots of 50 tormes. ma): Dec 1635, Man Oct 1630, Dec 1630 High/Low 122.75 117.00 125.00 110.00 128.00 120.25 122.25 119.00 118.00 177.25 115.00 179.50 119.00
Mer	252.50 251.80 251.80 251.80 251.80 251.80 26	282.50 282.50 2963 (4985 Fr. per ton Aug 1965, 120.50 122.50 122.50 122.50 122.50 122.00 115.50 7469 lots o	252.00 240.70 252.00 252.00 252.00 240.00 3 lots of 50 torness me): Oec 1535, Mar Oct 1500, Oec 1500 122.75 117.00 125.00 110.00 128.00 120.25 123.25 118.00 118.00 117.25 115.00 119.50 119.00 4 100 tonnes
Mer	252.50 251.80 251.80 251.80 251.80 251.80 251.80 26	292.50 292.50 2963 (4985 Fr. per ton Aug 1985, 120.50 122.50 123.75 122.00 115.50 1246 lots 6 105.95 105.95 105.95	282.00 240.70 252.00 252.00 262.00 249.60 3 lots of 50 torses. sel: Dec 1635, Mar Oct 1689, Dec 1680 High/Low 122.75 117.00 125.00 110.00 128.00 120.05 128.25 119.00 118.00 177.25 115.00 179.50 119.00
Mer	252.50 251.80 26	282.50 282.50 2963 (4985 Fr. per ton Aug 1965, 120.50 122.50 122.50 122.50 122.50 122.00 115.50 7469 lots o	252.00 240.70 252.00 252.00 252.00 240.00 3 lots of 50 torness me): Oec 1535, Mar Oct 1500, Oec 1500 122.75 117.00 125.00 110.00 128.00 120.25 123.25 118.00 118.00 117.25 115.00 119.50 119.00 4 100 tonnes
Mar	252.50 251.80 25	292.50 292.50 2963 (4985 Fr. per ton Aug 1985, 120.50 122.50 123.75 122.00 115.50 1246 lots 6 105.95 105.95 105.95	282.00 240.70 282.00 240.00 282.00 240.00 282.00 240.00 3 lots of 50 torsess sel: Dec 1636, Mar Oct 1680, Dec 1680 High/Low 122.75 117.00 125.00 110.00 126.00 120.25 122.25 119.00 118.00 117.25 115.00 119.50 118.00 High/Low 100 torses High/Low 105.55 108.05 110.15 108.65 110.15 108.65 115.00 115.80 112.80 115.85 115.50

105.00 104.80 106.70 106.85 110.85 110.70 112.55 112.40

er: Wheet 503 (701) , Barley 377 (227) .

_		LOUDOR	BESTAL EDGE	HAROE		(Prices supplie	ed by Ameloumei	ed Metal Trading)
TUR.	High/Low		Close	Previous	High/Low			
_	821 796	Aluminium	, 22.7% puch	y (3 per tonne)	1		Fling turn	over 14,050 tonne
	823 796 831 803 636 813	Cash 3 months	2395-405 2245-60	2310-20 2206-10	2265/2220	2405-15 2256-60	2220-5	16,228 lots
	850 829	Akuninku	,90.5% purity	(£ per tonne)			Fling tur	nover 5,550 tonne
	886 868	Cesh Dec. 21	1310-20 1255-65	1280-90 1236-40	1338/1335 1275	1335-7 1275-8		28,566 lots
	f 10 tonnes is per tonne). Delly	Copper, Q	rade A (2 per	tonne)			Ring turn	over 42,625 tonne
(1016.16):10 day aver- 62.25) .	Cash 3 months	1745-7 1632-3	1600-2 1570-1	1732/1720 1642/1622		1636-7	61,490 lots	
		Copper, S	tendard (2 per	tonne)			Ring	turnover 0 tonne
_	·	Cosh Jen. 4	1690-90 1615-25	. 1580-90 1540-60		· 1590-70 1605-15		52 lots
XVS	High/Low	Silver (US	cents/line ou	nce)			Al.	ng turnover C aza
	1150 1131 1142 1125 1132 1120	Cash 3 months	630-3 643-6	633-6 646-0		630-2 644-6		431 lons
	1130 1110	Lead (2 po	r tonne)				Rice turn	over 13,600 tonne
	1127 1110 1120 1115	Cash 3 months	309-71 373-4	371,5-2.5 374-4.5	376/373	369-9.5 372-8	374.5-6	10,061 lots
12.0	f 5 toones	Michael (3 p	er tonne)				Alog to	emover 600 tonne
8 0	ents per pound) for (113.68); . 15 day	Cesh 3 months	11400-800 10000-60	11300-400 10460-500	11500/114			5,540 lota
		Zine (\$ per	fonne)				Ring turn	over 15,750 tonne
	Cash 3 months	1670-5 1624-5	1590-600 1464-7	1700/1695 1538/1475		1515-8	16,465 lota	
	High/Low					٠.		
7	281.00							
?	221,50 217,50			<u> </u>	<u> </u>		•	
•	217.00 213.00 212.00 210.00	POTATOR	£ £/tonne					
	210.00 207.00		Nose Previ	ous High/Low				
	206.00 204.00		60.0 60.0			CONTROL DE	LUCH MARKET	
	High/Low .	Feb	71.0 · 71.0			Gold (Kine oz)		2 equivalent
)	252.00 260.00		97.9 94.4 09.0 105.0					23412-235
	255.00 250.10							235-23519
	252.00 249.70 252.00 262.00			of 40 jornes.	 .	Morning fix	410.80	234,743
	262.00 249.60	SOYABEA	N MEAL; £/100	20		Alternoon for Day's high		234.464
	lote of Mil towns	. 0	iose Previ	ons . High/Law		Den's less	4113-4123	

Cash	1670-5	; 1	1590-000	1700/1005	
3 гнопфи	1024-6		464-7	1538/1478	1530-
					٠.
				٠.	
			·	· ·	
POTATO	28 E/tonn				
		Previous	High/Low		
Nov Feb	60.0 71.0	60.0 71.0			LONDON
Apr	87.9	94.4	98.0 95.0	٠.	Gold (Rine
May		105.0	108.0	:	Cicee Opening
			e) iomier	<u></u> .	Morning fi
DOYABE	AN MEAL;	2/tqqae			Alternoon
	Close	Previous	High/Low		Day's high Day's low
	162.60		182,50		Colos
		178.00	177.50 175. 162.50	50	Mapleleaf
	182.50. 181.50	183.50	181.50		Britannia
<u> </u>	51 (82) k				US Engle
	FUTURES				Angel Kruperran
					New Sov.
	Close	Previous	High/Low		Old Sov.
		1343	1343 1335		Noble Plat
		1416 1474 .	1410 1394 1470 1480		Silver fix
		1507	1510 1500		Spot
lui	1900	1319	1310 1300		atinon ii
3FL	1317	1816			o monung 12 months
umover	296 (151)				
					
WOOL		:	·		
THEW	RAM JOC	KET beg	m to show sig	ms of	
deciles	2 1010 231 2 220 120	week, a	nd modest his week's w	_	
Sales. 7	Che rever	HOTH ME I	ot generally		
expects	id, elthqu	ph with o	Herings		
			igh there is so of softness		LORDON I
this am	e of year.	No spec	F tectors in		Afaminian
ap055e4	ted for sid	iciter con	ipelilion. Bra	dord	
prices (ire conse	quently a	ittije lower a		Strtice pric
SEAS WAR	ok bas eb	bed acel	develop uset n. The industr	v i	2200
i Dêre is	FREEDOM	بمحوله با	م سائسانسو سدا ا	ad I:	2300. 2400
COSTACT	es, nome	rer. and t	while the field		
	تعاددهم والك	les how	tion, some of been remove	w1.	Copper (G
100 000	Maria Bit	Nai-4	n 64s anbar 1		2000 2000
490 tor	São super				2950 3500

	644-6		431 lots	11702
		Ring	turnover 13,600 tonne	acti Gra
	389-9.6			ligh
70/5/3	372-8	374.5-6	10,061 late	rang
		Ale	ng turnover 600 tonne	larg
1500/11		00		Dec
000071	0530 10575-6	00 . 10800-70	00 5,540 lots	гесс
		Ring	turnover 15,750 tonne	With
700/100				mar
538/147	75 1530-5	1515-8	18,465 lots	Cru
				eign
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				N
				ao L
		ULLION MARK		
	Geld (Rine co	3 \$ price .	2 aquivalent	Oct
	Cicee Opening	4103-4113	23412-235	Nov
	Morning fix	411¾-412¼ 410.80	235-235 ³ 2 234.743	Dec Feb
	Afternoon to	411 98	234.464	Apr
	Day's high Day's low	411 ¼ -412 ¼ 409 ½ -410		Jun
				Aug
	Colos	\$ price	£ equivalent	Dec
	Mapieleaf Britannia	423-428	241-244	PLA
	US Engle	423-428 423-428	241-244	
	Angel	421 2-42612	241-244 240-4-243 234-236	
	Krugerrand New Sov.	410-413	234-236	Oct
_	Old Sov.	96 ¹ 2-97 ¹ 2 96 ¹ 2-97 ¹ 2	55-65-k 56-65-k	Apr
	Noble Plat	553.9-560.3	316.15-319.80	Jul
	Silver fix	p/fine oz	US cts equiv	Oct
	Spot	361.25	632.15	Jen
	3 months	372.20	645.95	BELV
	d months	362.45	659.30	
_	12 months	402.85	607.55	Oct
	·			Nov
_				Dec
of				Mer
·- I				May
' [Jul Sep
- 1				Dec
ŀ	100000	T00		Jan
1		THE BACHANO	E TRADED OFTIONS	COP
rd	Afaminiana (I		Cells Puts	
	Strice price	Storms Nov	Jan Nov Jan	Oct
<i>'</i>	2200	182	188 23 135	Mov
] :	2500. 2400	113	141 53 186	Dec
		63	104 103 249	Jen Mar
• i	Copper (Gra	00 A) (Cells Puts	. May
	2900 2950	253	4-1 24 144	لعدل
	2160 3100	145		Sep
		71	124 136 364	

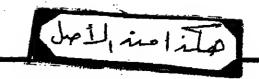
Label Previous RightLow Close RightLow Clos			main min					-,			_
Fund and commission houses were featured sollers. Trade and local selling weakened coop prices by 11 points. Coffee remained inactive. The meat markets were dominated by local activity as many await Friday's report. Grain markets continued to feature light volume and narrow tracing ranges. Wheat futures posted the largest gain, advancing 3-1, in processors in cotton trading, prices recovered from yesterdays decline as commission house buying was seen. With OPEC meetings beginning, energy warkets superferenced hectic seasions. Crude oil and product markets posted eignificant advances. Codes Previous Hight.ow Cot 411.4 411.1 413.3 410.3 410.3 410.4 123.9 123	man	Cets. Sug	ger had n	rarginal (pains as		Latent	Previous	High/Low	1	:
Seatured solliers: Tracke and local Seating weakened cooper process by 17						Nov			4440		_
Deck						Dec	4460			4346	
Decimber	seilis	or week	enad and	on prices	iber 11		4010			4140	
The color of the	point	s. Cotte	e remain	ed inactio	The	May	3940	8792	3945	3652	
Cook 10 tomosc/floones Grain markets continued to feature light volume and narrow tracing ranges. Wheat futures posted the largest gain, advancing 34 in December. In cotton trading, prices recovered from yesterdays decline as commission house buying was seen. With OPEC meetings beginning, energy markets experienced hectic sessions. Crude oil and product markets posted significant advances. ROUD 100 troy oz.; Stroy oz. Ciose Previous Hight.cw Ciose Previous Hight.	meat	market	a were de	winated	by local	Aug	3675	3747	- 3675		
Close	activ	ity as m	any awai	Friday's	recort.	COCC	A 10 tons	es:\$/tonne		***	_
Sight volume and narrow trading ranges. Wheat futures posted the largest gain, advancing 3½ in December. In cotton trading, prices recovered from yesterdays decline as commission house buying was seen. With OPEC meetings beginning, energy markets experienced hectic sessions. Crude oil and product markets posted significant advances. Sept. 1345 1335 1335 1300 1305 1306 1306 1306 1306 1306 1306 1306 1306	Grati	n marke	ts continu	red to fea	ture				High/I can		-
Largest gain, advancing 3 %; in December. In cotion trading, prices July 1315 1323 1325 1355 1356 1323 Sept 1345 1325 1355 1356 1323 Sept 1345 1325 1355 1356 1323 Sept 1345 1325 1325 1325 1325 1326 1325 Sept 1345 1325 1325 1325 1325 1325 1325 1325 132	light	volume	and narry	ow tradin	a	5				4000	
Bargest gelin, advancing 31, in December, in cotton trading, prices recovered from yesterdays decline as Sep 1345 1365 1360 13	range	es. Whe	at futures	posted t	he	14	1294	1301	1200		•
December: In cotton fracting, prices Jul 1338 1338 1339 1342 1320 1343 1320 1343 1320 1343 1320 1343 1320 1343 1320 1343 1320 1343 1320 1343 1320 1343 1320 1343 1320 1343 1320 1343 1320 1343 1320 1343 1320 1343 1320 1343 1320 1320 1343 1320 1320 1343 1320 1320 1343 1320	large	et gain,	advancin	19 3 % In		May	1315	1323		1300	:
Commission house buying was seen. With OPEC meetings beginning, energy markets experienced hectic sensions. Crude oil and product markets posted eignificant advances. Close previous posted eignificant posted	Dece	mber. Ir	cotton tr	ading, pr	ices				1366	1323	;
With OPEC meetings beginning, energy markets experienced hectic sessions. Correte oil and product markets posted oignificant advances. Core Previous HighLow C	recor	vered tro	om yester	days dec	line as					1345	
Course Previous HighLow	WATE	UNSCIOUT :	nouse ou	ying was	acen.						
Close Previous High/Low Oct 411.4 411.8 413.3 410.3 20 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	mark	els exce	recurrige s	roganiung bestie se	, energy	COPT	EE "C" 37	500ths: cm	nts/fbs		-
Dec 125.12 125.40 125.50 125.	Crud	e oil and	product	markets	nosted .	-					÷
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T28.00 T						May					
Cicae							126.00				3
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Close	_										
Close	രാഥ	100 troy	oz.; & ľtroy o	<u> </u>		STIGA	N WORK I				-
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Pub 419.9 420.3 421.8 419.3 May 9.48 9.42 8.54 9.50 9.55 9.10				_		Mer		9.86			٠.
Apr 425.0 425.4 426.6 422.1 426.8 224.9 2.00 2.36, 9.19 Jun 430.2 430.6 432.1 425.8 434.5 Jun 4.51 8.55 0 0 0 Aug 451.7 426.1 425.8 434.5 Jun 8.51 8.55 0 0 0 Dec 447.0 447.4 448.5 448.3 GOTTON 80.000; contan/Ros PLATRIUM 50 troy oz; \$\frac{2}{2}\troy oz. Close Previous HightLow Oct 537.7 540.2 540.0 535.0 Jun 54.35 58.46 54.20 53.25 Jun 687.7 540.2 540.0 555.0 Jul 54.05 54.55 54.65 54.25 63.85 Jun 547.4 550.0 530.0 548.5 Jul 54.05 54.55 54.65 54.25 63.85 Jun 547.4 550.0 530.0 548.5 Jul 54.05 54.65 54.65 54.25 Oct 533.7 683.1 0 0 0 GRAMGE SUCCE 15,000 the; contar/libe ELVER 5,000 troy oz; conta/troy oz. Close Previous HightLow Dec 64.25 54.65 638.0 633.0 Jun 475.10 72.60 772.20 771.10 Nov 636.0 636.0 0 0 0 GRAMGE SUCCE 15,000 the; contar/libe ELVER 5,000 troy oz; conta/troy oz. Close Previous HightLow Dec 64.5 62.5 648.5 637.5 May 770.00 771.15 772.50 770.50 Jun 645.4 647.4 0 0 0 Jun 475.10 772.60 772.20 771.10 Nov 636.0 636.0 0 0 0 GRAMGE SUCCE 15,000 the; contar/libe Close Previous HightLow Oct 141.70 138.00 141.80 140.00 Nov 138.20 138.00 141.80 140.00 Dec 700.5 702.9 701.0 700.5 Jun 675.2 677.4 674.9 674.0 140.00 Dec 700.5 702.9 701.0 700.5 Jun 158.25 102.80 185.90 154.30 May 110.25 107.70 131.50 110.30 Jun 158.27 180.35 180.00 144.30 May 110.25 107.70 131.50 110.30 Jun 158.27 180.35 180.00 144.30 Jun 158.27 180.35 180.00 144.30 Jun 158.28 180.48 133.89 126.35 Dec 158.35 127.80 135.90 129.35 Jun 158.25 102.80 135.90 129.35	Feb					May	9.48				٠,
Jun 490.2 490.6 482.1 490.6 Jun 8.81 8.85 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0		425.0		426.4		Jul .		9.30	9,36	9.10	•
Color	Jun	430.2		432.1	450.0				9.24	9.05	
PLATRUM 50 troy oz; \$/roy oz. Close Previous High/Low Cicles Previous High/Low ELVER 5,000 troy oz; cems/troy oz. Cicles Previous High/Low Dec 64.55 54.56 54.56 54.56 Cicles Previous High/Low Cicles Previous High/Low Dec 64.55 65.0 68.5 637.5 Jul 168.60 177.25 174.50 May 654.9 687.0 687.0 685.0 Jul 168.00 196.10 0 0 Mar 856.2 657.2 651.0 683.0 Jul 168.60 186.10 0 0 Mar 856.2 657.0 687.0 6	Aug	435.7							824	804	
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Series S					<u> </u>				84.20		_
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Sect											:
Oct 563.7 558.1 0 0 0 ORAMOR JUNES 54.58 54.85 54.45 Jun 580.2 582.8 0 0 ORAMOR JUNES 15,000 that conta/libs SELVER 5,000 troy oz; centa/troy oz.							54.05 '	54.45			4
Selection Sele				0		Dec	54.75	54.50	54.85	54,45	
### SELVER 5,000 troy oz; centa/troy oz. Close	Jen	580.2	562.6	Ŏ		ORAN	OE JUICE	15,000 lbs:	conts/lbs		-
Close Previous High/Low Nov 188.10 190.35 190.00 187.45 Oct 833.7 635.5 638.0 633.0 Jan 175.10 170.80 177.25 174.80 Nov 636.0 636.0 0 0 Mar 171.40 172.80 172.30 171.10 Dec 840.5 842.5 648.5 437.5 Jal 168.60 140.10 0 0 171.10 May 686.2 657.2 681.0 683.0 Nov 184.80 182.70 0 0 May 686.9 687.0 687.0 883.0 Nov 184.80 183.70 0 0 Jul 876.2 677.4 674.9 674.0 Jan 164.50 183.70 0 0 Dec 700.5 702.9 701.0 700.5 Jan 164.80 183.70 0 0 COPPER 25,000 lbs; contaribs Ciore Previous High/Low Nov 134.20 132.30 129.35 Jan 127.35 122.80 128.00 128.35 Jan 127.35 128.36 128.38 Jan 127.35 128.36 128.38 Jan 127.35 128.38 Jan	SEVE	R 5,000 to	oy oz; cent	Virov az.		:===				5.1	
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Nov 636.0 636.0 0 0 Mer. 171.40 172.60 173.20 171.10 Dec 640.5 942.5 646.5 637.5 Mery 170.00 171.15 170.20 Jun 645.4 647.4 0 0 0 Jul 168.00 160.10 0 0 Mer 656.2 657.2 651.0 683.0 New 164.50 162.70 0 0 May 654.9 687.0 687.0 688.0 New 164.50 162.70 0 0 Jul 676.2 677.4 674.9 674.0 Mer 164.50 183.70 0 0 Dec 700.5 702.9 701.0 700.5 Jun 705.4 707.8 0 0 COPPER 25,000 ibe; contarios Cicar Previous High/Low Oct 141.70 138.00 141.80 140.00 Mery 138.20 138.00 126.36 Mery 138.35 122.80 136.00 124.50 Mery 138.35 122.80 136.00 124.50 Mery 139.35 124.40 135.60 126.36 Mery 139.35 124.40 126.36 Mery 139.35 126.36 126.36 Mery 139.35 126.36 126.36 Mery 139.35 126.36 126.30 Mery 139.35 126.36 126.30 Mery 139.35 126.30 126.30 Mery 139.35 126.30 Mery 139											
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Sop 685.2 657.5 0 0 0 Dec 700.5 702.9 701.0 700.5 Jan 705.4 707.8 0 0 COPPER 25,000 lbs; contactor Cicer Previous High/Low Oct 141.70 138.00 141.80 149.00 Mov 138.20 133.00 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0						. 365 . 365				ŭ .	
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Copper 25,000 the contention Copper 25,000 the contention				•	7006						•
Cice Previous HighLow Oct 141.70 138.00 141.80 140.00 MENTERS (September, 18 1831 = 500) Nov 138.20 138.30 0 0		7UU.5				٠			· • ·		
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Dec 133.35 127.80 135.00 129.35 OC 18 CC 17 Segm ago yr ago Jan 127.35 122.80 128.00 124.35 127.35 122.80 128.00 124.35 127.35 122.80 128.00 124.35 127.35 127.00 126.35 127.30 1	COPP	705.A GR 25.000 Close	707.8 ibe; contact Previous	High/Low			780		No. 1 A No.]
Jen 127.35 122.80 128.00 124.50 152.77 1470.5 1263.9, 1641.5 144.50 155.75 1470.5 125.00 144.50 164.	COPP	705.A SR 25,000 Close 141.70	707.8 ibe; contact Previous 138.00	High/Low 141.80 .	149.00	NATIONAL PROPERTY.	SEA ERO (Bas				
May 110.25 107.70 111.50 100.5	Corp	705.4 ER 25,000 Close 141.78 138.20	707.8 ibe; contact Previous 138.00 138.00	High/Low 141,80 . 0	140.00	MIDA MIDA					
May 110.25 107.70 151.50 100.55 Spot 154.75 134.40 133.60 125.16 Sep 104.25 102.20 105.00 205.00 Fulured 138.75 130.25 130.65 127.32 Day 102.75 101.50 104.80 205.00 Fulured 138.75 130.25 130.65 127.32	Corp	705.4 ER 25,000 Close 141.70 138.20 133.35	707.8 lbs; contact Previous 138.00 133.80 127.80 122.80	High/Low 141.80 . 0 135.00	140.00 0 120.30	MINI MINI	Oct 18	Oct 17	one more	vir sign	
Sep 104.25 102.80 105.00 205.00 Rakes 198.78 198.25 198.65 127.22 Dec 102.75 101.50 104.80 102.00	COPP Cot Nov Dec Jen Mer	705.A GR 25,000 Close 141.70 130.20 133.35 127.35 115.65	707.8 lbs; contact Previous 138.00 133.80 127.80 122.80 112.50	High/Low 141.80 0 135.00 128.00 116.90	140.00 0 129.30 124.30		Oct 18	Oct 17	andin ago 1901.0	1661.3	
DEC 102.75 TOT-ST 17M NO 12M OF 1	COPP Cot Nov Dec Jen Mer	705.A GR 25,000 Close 141.70 138.20 133.35 127.35 115.65 110.25	707.8 lbs; contact Previous 138.00 132.80 122.80 122.80 112.50 167.70	141.80 0 135.00 126.00 116.90 111.50	140,00 0 129,30 124,30 114,30 110,30	DOM	Oct #8 1872.7 JOHES (F	Oct. 17 1670.5 lase: Dec. 1	ingh ago 1901,9 11 2874 — 1	yr ago 1661.3 109	
and a graph of the state of th	COPP Cot Nov Dec Jen Mer Mar	705.4 GR 25,000 Close 141.70 138.20 133.35 127.35 110.25 105.75	707.8 lbs; contar Previous 138.00 132.80 127.80 122.80 104.50	141.80 0 135.00 126.00 116.90 111.50 107.00	149.00 0 129.30 124.30 114.30 109.50	DOM	Oct #8 1872.7 JOHES (F	Oct. 17 1670.5 lase: Dec. 1	1903.9 1903.9 11 3874 10 133.69	yr ago 1661/3 109: 126.16	
	COPP Cot Nov Dec Jen Mer Mar	705.4 GR 25,000 Close 141.70 138.20 133.36 127.35 110.25 106.75 104.25	707.8 ibs; contar Previous 138.00 137.80 127.80 122.80 112.50 104.50 102.80	High/Low 141.80 0 135.00 136.00 115.90 111.50 107.00 105.00	149.00 0 129.30 124.30 114.30 116.50 106.50	DOM	Oct #8 1872.7 JOHES (F	Oct. 17 1670.5 laye: Dec. 1 134.49 139.25	1901,9 1901,9 1 1974 — 1 133,69 130,65	yr ago 1661/3 109: 126.16	

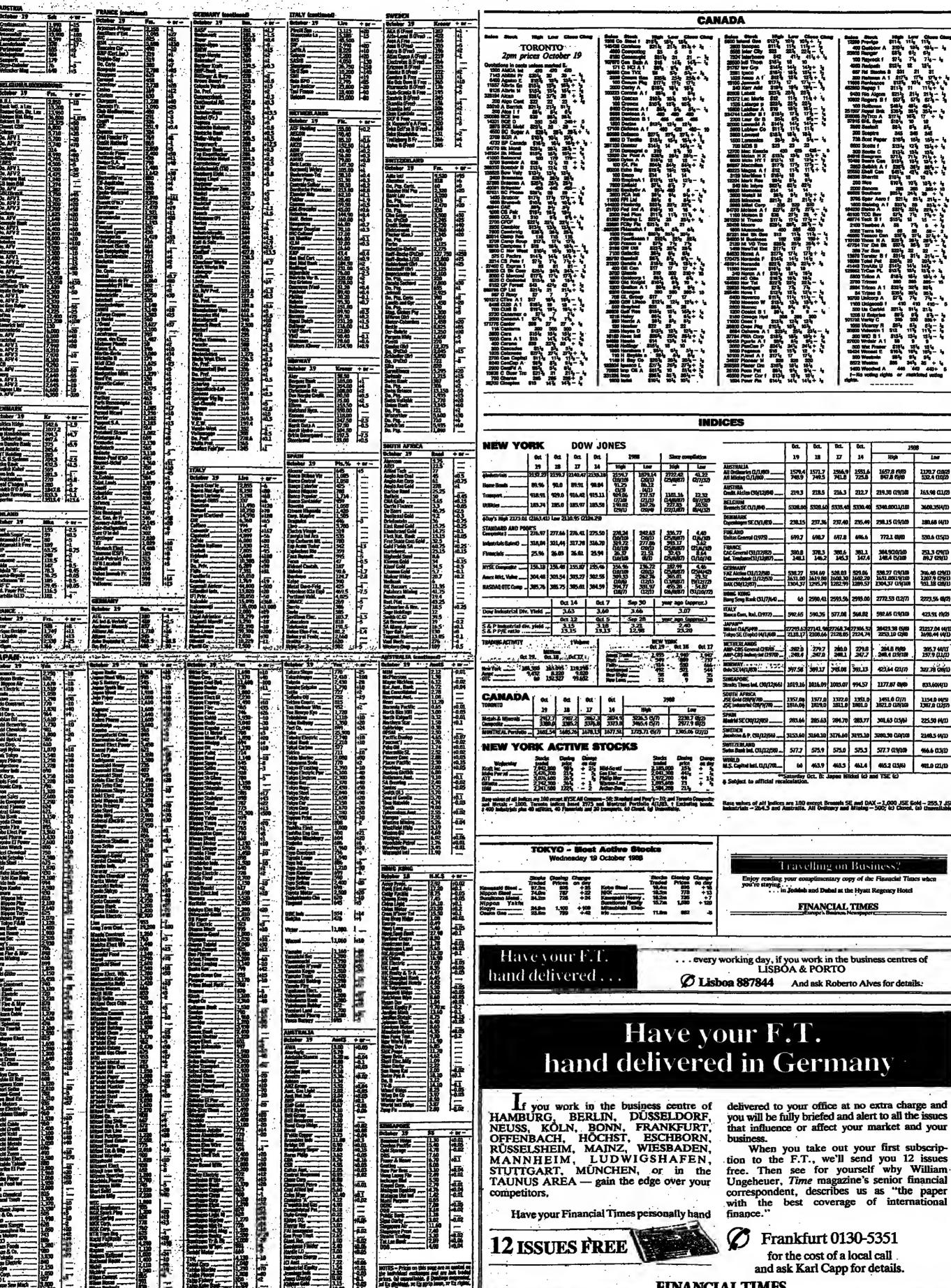
	Labor	Previous	Highlan		>	· Close '	Previous	High/Lo	w :
Nov	4400	4229	4440	4280	Oct	24.04	24.02	24.10	-
Jec Var	4460	4297	4407	4346	Dec	24.36	24.36		
ar.	4215 · 4010	4077 3007	4200	4140		24.62	24.82	24.75	
av.	9040	8792	4055 3945	- 3660	Mar	25.09	25.19	25.22	9
	3940	3742 3747	- 3675	3052	May	25.49	25.40	25.80 :	9
_			- 9044	3675		25.65	- 25.70 =	25300	. 3
Ю	A 10 tons	es;\$/tonne			Aug	~ 25.55	25.62	26.65	2
	Close	Previous	High/Low		Sep.	25.50	25.70	25.60	2
-	1324	1341	1268	1300	- 90Y/	ARLAN ME	AL 100 tone	\$2000 :	
	1324 1294	1301	1324	0	N. 1	Close	· Previous	- High/Lox	w
	1315	1323	1343	1300 .	Oct	258.2	258.7	200 6	. 2
	1326	1335 .	1355	1323	. Dec	261.7	282.8	202.0	- 5
•	1345	1355	1300		Jen	261,2	261.2	261:5	- 5
2	1380 1410	1419 -	1408	1200		259.2	258.7	259.5	2 2 2
_	_			-	- May	256.7	254.7	266.5	
•			mts/fibe		Aug	242.5	244.0	261.6 246.0	2
	Close	Previous	High/Low	0.3	Sep	238.0	233.0	238.0	2
	125.12	123.48	125.15	123.80	- Oct	225.0	222.0	226.0	9
E	125.90	124,77	126.00	124.50	· · MAIZ	2 5,000 bu	min contail	-	
y	125.97	124.90	126,20	125.65	1				
	125.00	125.20	126.00	125.00		· Close:	Previous	High/Lov	
8	126.28	125.76	0	0	Dec	290/8	292/2	201/4	
•	124:25	126.95	124.25	123.75	Mar	2946	295/6	2000	-
		125.60	8	8	- May	29772	298/4	297/6	2222
W	MOUTO	*11* 112.0	oo ibe; ceni	le/ibe	u	296/4	290/0	295/8	. 2
: '	Ciose	Previous	High/Low		Sep	273/2	273/4	274/0	2
•						201/2	200/2	280/4	2
a	9.83	9.35	9.79	. 6		AT 6,000 bu	min; cents/	00th-bushe	
	9.48	9.42	9.54	9.50		Close	Previous		
•	9.34	9.30	9.36	9.10				HightLow	•
•	9.20	9.17	9.24	9.05	• Dec	426/6	423/0	426/0	4
	8.81	8.86	6	0	Mar ·		428/2	433/0	. 4
	4.96	8.75	8.95	8.04	May	412/4	409/6	415/0	. 4
	W 80 000	cents/fbe			Bep	377/4	371M 3744	374/4	
					_ Dec	586/0	382/0	377/4	. 3
	Close	Previous	High/Low	<u>.</u>	* :			200/0	. 31
	54.25	38.84 :	54.20	50,55	_: <u>-</u> :::		֥ -	٠.	- :
	54.30 54.15	53.70 53.65	54.30 54.20	53.65	M 61-	. '' . '			٠
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Dow moves into decline after spirited opening

TO CELEBRATE the first anniversary of the stock market crash in October last year, Wall Street took a short trip on a roller coaster yesterday, writes Robert Vincent in New

After a spirited opening dur-ing which shares tried to build on Tuesday's gains to a post-crash high, the market went into a gentle decline as bonds slipped in the face of rising oil

Then during the late after-noon the Dow Jones Industrial Average suddenly plunged more than 40 points for little apparent reason. However, the rebound was just as quick and the fall was trimmed to leave the Dow Average down 22.58 points at 2,137.27.

The sudden drop was attri-buted to reports that the Washington Post was to publish a report today that Vice-Presi-dent George Bush had had mis-tresses, aithough the newspaper rapidly denied this.

The afternoon spurt in trad-ing pushed volume on the new York Stock Exchange to a brisk 186.4m shares. Broad-based indices moved in line with the blue chip Dow Aver-

Compared with the frantic trading a year ago when many myestors rushed to dump their stocks, yesterday's session was s normal one driven by the

et's continued fragility and

lack of trading conviction.

The food sector continued to attract a good deal of attention with some stock adding to Tuesday's gains following the Philip Morris \$11bn bid for Kraft. Among those to advance were CPC, up \$1% at \$56%. General Mills was unchanged

Kraft itself was up \$2% to \$90%, just above the \$90 a share being offered by Philip Morris as arbitrageurs, hopes built up for a counter offer or higher bid from the tobacco and drinks group. Kravis Kohlberg Roberts, the leading leveraged buy-out specialists, were reported to be interested in bidding for Kraft.

Computer stocks also provided some interest, with Apple adding \$% to \$40 after unveiling a quarterly jump in earnings from 54 cents a share last time to 84 cents. Wang, which has been struggling in recent years to rebuild its office computer line, posted a sharp downturn in earnings for

sharp downturn in earnings for the quarter. Earnings fell to 8 cents, against 14 cents, and the shares dropped \$% to \$8%. Microsoft, the leading soft-ware company, recorded a sharp increase in earnings, from 28 cents to 85 cents from 38 cents to 65 cents, which boosted the shares by \$% to \$53%.

Dow Chemical pleased the market with much-improved earnings which were almost doubled at \$3.36 a share. It benefited from strong demand and lower feedstock prices. The shares rose \$% to \$81%.

ued to benefit from its sharply higher earnings announced on Tuesday, reflecting a big increase in traffic on its tele communications network and expansion into more foreign markets. It was the most actively traded stock on the over-the-counter market, with volume of more than 3.4m in early trading. The shares built on Tuesday's gain with a fur-ther rise of \$½ to \$22%.

AMR, parent of American Airlines, the second largest domestic carrier, reported net profits up by more than 70 per cent to \$2.50 a share, in part due to increased passenger traffic and lower fuel prices in the third quarter. The market, however, focused on yester-day's rise in oil prices and marked the shares down \$% at

EARLIER gains gave way to a small loss as falling golds, base metals and industrials depressed Toronto share prices. The composite index fell 5.12 to 3,380.03 in moderate trading. Declines led advances by 392 to 358 on turnover of

Tokyo stocks dominate top performing sectors

eavy engineering and shipbuilding has proved the best per-

forming equity sector in the world this year, soaring by 93 per cent in sterling terms. The industry's outstanding gains are highlighted in the latest figures on sectoral per-formance from County Nat-West WoodMac. The data, based on the FT-Actuaries World Indices, show how each sector in stock markets world-

sector in stock markets worldwide performed in the first
nine months of the year.

The big Japanese stocks
dominated the world heavy
engineering and shipbuilding
sector, jumping by 106 per cent
since Jamary, in spite of the
fact that the Tokyo market ran
out of steam after its impressive first quarter performance. sive first quarter performance. The key to the stocks' success has been strong domestic demand and the local property boom, seen most clearly in the rush to redevelop Tokyo's

rater front. ing and shipbuilding compa-nies such as ishikawajima Har-ima Heavy Industries (IHI), Mitsubishi Heavy Industries and Kawasaki Heavy Indus-tries care large treats of land tries, own large tracts of land around Tokyo Bay, now some of the most valuable in Japan. Throughout the year they have

THE anniversary of the world

stock markets crash was cele-brated in style by European markets yesterday, with Frank-furt, Zurich and Milan pushing ahead to new 1988 highs and Paris bubbling with specula-tion, writes Our Markets Stuff.

last year it stood at 352.4.

The spotlight focused on

Société Générale, the priva-

tised bank, foods group BSN,

and construction stock Dumez.

Speculation over a reshuffling of hard core shareholdings saw

Générale climb FFr58.50 to

FF1546, BSN put on FFr110 to FFr5,690 amid remours it was

stakebuilding in Britain's

Paris analyst. It has lagged the

market of late; is rumoured to

Barcelona's Olympic stadium; and is said to be interested in

adding to its holding in GTM-

Entrepose.

Valeo added FFr14 to FFr594, and Chargeurs gained FFr40 to FFr1,220, after the two announced they were together bidding for 100 per cent of car components maker Epeda.

ZURICH reached a new peak

for the year, with shares pro-pelled by Wall Street's gains, a stable dollar and lower Swiss interest rates. The Crédit Suisse general index closed up 17.0 at 558.20, compared with

GOLD shares closed generally lower in spite of the fact that bullion prices held above \$410

an ounce. Randfontein dropped R4 to R270 and Vaal Beefs finished R4 down at

In diamonds, De Beers rose

R2.50 to R46.75 while plati-nums mostly lost ground.

SOUTH AFRICA

have won the contract to build

Several reasons could be behind the FFr40 climb at Dumez to FFr790, said one

United Biscuits.

Patrick Harverson looks at the investor's best bet over the first nine months of 1988

begun to sell their holdings to developers, redevelop the sites themselves, and form consortiums to turn factories and shipyards into yacht marinas, private housing, commercial offices, or leisure facilities.

times, or ensure maintes.

The spectacular gains in the shares of hig industrial companies have followed the realisation of these "hidden land assets," but they are also linked to benefits coming through from the restructuring and rationalisation of heavy industry that began in the early and mid-1980s. The result has been dramatic improve-ments in trading results; Kawasaki HI went from a Y17.9km (\$141m) loss in 1996 to a Y10km profit last year and Mitsubishi El expects profits

this year to rise by more than
25 per cent to Y75bn.
Second in the league table of
best performers is the metals and minerals sector -- comprising mainly steel manufac-turers — with a 68.3 per cent rise. Japan dominated again, leaning 121.3 per cent. The pat-tern of growth is almost identi-cal to the heavy engineering and shipbullding sector.

Strong worldwide demand

for cars meant that automobile stocks were the next best pelormers, with a gain of 38.7 per cent. Cars at the top end of the price range were especially popular in Japan, while in the US, demand for trucks showed a dramatic improvement

a dramatic improvement.

The worst performing sector by far — and the only one not to show any gain — was precious metals and mining, which fell by 9.9 per cent. The sector, which is dominated by world stocke, was hit by this gold stocks, was hit by this year's decline in the gold price, which has slumped from \$500 an ounce in January to its recent level of about \$412. South Africa's stocks fell the

furthest of the main producers, dropping by 25.8 per cent as political uncertainty and overseas disinvestment exacerbated the effect of weak builion

The few large investors dom-inating the buying of gold stocks — such as specialist UK unit trusts — have dramatic-ally reduced their investment in South Africa. However, Austrailan and Canadian gold stocks, while unaffected by political considerations, fared

Crash anniversary celebrated by 1988 highs

a 1988 high of 1,304.37, having

reached 1,312.03 during the session. The FAZ index climbed

up 3.58 to 538.27, compared

with 569.85 a year ago.
Daimler made up further ground, putting on DMI3.50 to DM746, while SMW rose DM15

to DM539. Attention focused

also on Metaligesellschaft and Linde, up DM10 at DM340 and DM14 at DM714 respectively. AMSTERDAM rose in early

trading on strength in London

and Frankfurt and good for-

WORLD PERFORMANCE BY SECTOR (per cent change in & terms between 31/12/87 and 30/9/88)

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of good third quarter figures in

Aviation group Fokker shapped Fl 1.90 to Fl 28.40 after

revealing its second cash call

in a year. The 3-for-2 rights

issue, priced at Fi 20 a share, is worth Fi 320m and larger than

two weeks' time.

usual mixture of rumour and

Prospect of lower interest rates turns Nikkei round

Tokyo

THE overnight rally on Wall Street and indications by the Bank of Japan that it would tolerate lower short-term interest rates revived a modicum of investor interest in Tokyo equities yesterday, writes Michigo Nakamoto in Tokyo.

The improvement in demand, which pushed volume to 602m shares from 403m on Tuesday, helped the Nikkei average to gain ground for the first time in three days. It closed up 151.69 at 27,293.67, having moved between 27,301.52 and 27,160.12. The

last year was 25,746.56. Advances moderately outnumbered declining issues by 463 to 359 while 204 issues were unchanged. The TOPIX index of all listed stocks rose 9.51 points to 2,118.17, and later in London the ISE/Nikkei 50

index gained 5.03 to 1,752.89.
The possibility of lower short-term interest rates seems to have led institutional investors to redirect some of their cash into the Tokyo market, said an analyst at Nomura Securities. The rally on Wall Street, confidence in the yen's ability to sustain its present strong levels and weaker over-right all wises gave additional night oil prices gave additional

Yesterday's rise was nevertheless on very low volume and, in fact, at its lowest value of the month, said Mr Jonathan McClure, institutional sales manager at Schroder Securities. The market would

Securities. The market would need quite a bit of good news to follow through to a new rally, he said.

Steels were once again the most actively traded issues. Kawasaki Steel, the volume leader at 97.3m shares, rose

second in volume at 74m theres, increased Y22 to Y787. Sumitomo Metal Industry advanced Y24 to Y726 and was the third most heavily traded at 34.2m shares.

The market turned as well to asset-backed stocks, as it tends to do when it lacks a clear theme. Among them were util-ity companies such as Osaka Gas, which rose Y42 on heavy volume to Y799. Tokyo Gas increased Y40 to Y1,370. Tokyo Electric Power, however, fell Y40 to Y6,100.

Among individual issues which are also largely asset-backed, Nippon Yakin Kogyo added Y109 to Y1,190 in the fourth heaviest trading. The stainless steel maker was selected on the strength of its property holdings and also as it has just completed a financing operation.

The price of the third tranche of shares of Nippon Telegraph and Telephone was set yesterday at Y1.9m after the shares closed at Y1.97m, off Y30,000 on the day — the new issue was priced at a 3.5 per cent discount to yesterday's closing price, as planned. NTT fluctuated throughout the day from an opening Y1.99m to Y2m. Shares of the third tranche are said to be booked

completely already.

Trading was slightly more active in Osaka, but share prices failed to firm significantly and the OSE average closed down 4.40 at 25,236.42. Volume was much higher at 68 15m shares against 27 4m on 68.15m shares against 27.4m on Tuesday. Kobe Steel added Y105 to Y1,060.

GAINS in New York and Tokyo gave a lift to Asia Pacific mar-

particularly firm after news of a smaller than expected deficit on the balance of payments, Hong Kong was closed for a national holiday.

AUSTRALIA bounced back from a weak opening as inves-tors reacted positively to a balance of payments deficit of only A\$990m for September, which compares with the A\$1.33bn deficit in August. At the close the All Ordinaties index was 7.7 higher at 1,579.4, well above the day's low of 1,568.7. Turnover, at 97m

shares, was worth A\$156m.
Blue chip buying sent industrials higher, with Elders IXL recovering from Tuesday's weakness to end 6 cents better at A\$3.43. BTR Nylex was a notable loser, dropping 6 cents to A\$9.10 after its recent good run following the acquisition of Feltrax.

CRA was another to run into selling pressure after recent strength, falling 16 cents to A\$8.76. Other mining stocks followed suit, with North Broken Hill down 5 cents at A\$3 and Bougainville Copper 4 cents lower at A\$3.78.

cents lower at A32.73.

Banks were firmer, with Westpac 6 cents stronger at A36.02, gold stocks mixed, with North Flinders Mines 20 cents higher at A35.70 but Forsayth 8 cents lower at A\$2.80, while energy stocks were generally easier on weak crude prices. SINGAPORE was helped higher by strength in New York and Tokyo, but profit-tak-ing and continued uneasiness

on the anniversary of last October's crash meant shares closed only slightly higher.
The Straits Times industrial index ended 3.07 better at 1,019.16 on turnover of 24m shares. The most heavily traded stock was Sime Darby, down 2 cents at \$33.02

The decision by Crédit Suisse and Union Bank of Switzerland to reduce the interest rate charged on cash bonds by a % point helped other bank stocks — Union Bank bearers advanced SFree to SFr3,345 and Crédit Suisse added SFr40 to

SF12,750. Sentiment was also boosted. PARIS was alive with stories as investors shrugged off worsaid a London analyst, by the Government's decision not to block the takeover of brewer Hochdorf by Feldschlosechen, ries over interest rates and public sector strikes, and snapped up selected stocks. The market rose by about 1.5 per cent, with the OMF 50 one of Switzerland's biggest index up 6.04 at 400.13. The breweries. Feldschlosschen opening CAC General index rose 2.5 to 380.8. On October 19 participation certificates closed SFr25 higher at SFr1,125. FRANKFURT saw continued

interest in car stocks with hefty DM5.16bn.

some demand filtering through to larger second-line issues Foreign demand remained strong and volume reached a

ended just 0.5 up at 100.7. Royal Dutch advanced F1 2.50 to Fi 231.20 on hopes that oil prices have bottomed, and chemical group Alon added F1 1.80 to F1 152.50 in expectation

eign buying, but profit-taking pegged back gains before the close. The CBS all-share index

Trading group Internatio-Muller added 10 cents to F1 66.00 after shareholders voted out its controversial anti-takeover plan to convert its ordi-nary shares into certificates. MILAN was boosted by foreign demand, especially from London, but profit-taking kept gains to a minimum. The

Comit index closed up 225 at

592.69, compared with 615.90 m Ferruzzi Finanziaria bounced back from Tuesday's lows to add Li28 to L2.978

STOCKHOLM closed slightly lower in fairly active trading. The Affärsvärlden inder, which last year stood at 904.32, closed 1.6 lower at 905.8. Trading in Nobel Industrier, Carne gie and Asken, all controlled by financier Mr Erik Penser, was suspended, after which the market heard that Nobel was bidding for all the shares in

the other two companies.
BRUSSELS closed mixed in active trading encouraged by Wall Street's gains. The cash market index closed off 0.56 at 5,328.04, compared with its level of 4,303.42 a year ago. MADRID edged lower as a re-investors used the excuse of a worse than expected Septem ber inflation figure to take profits. The general index fell 1.97 to 288.66 against a closing

figure a year ago of 302.51.

This announcement appears as a matter of record only.



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Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzle & Co.
Ltd., In conjunction with the Institute of Actuaries and the Faculty of Actuaries

Figures In parentheses US Show number of stocks Dollar per grouping Index Index	+1.6 -0.7 -0.4 +0.0 +0.3 +1.0	Pound Sterling Index 124.92 79.47 107.40 105.32 118.84 100.45 87.56 72.16	Locat Currency Index 119.97 88.23 119.81 108.00 133.25 106.43 100.29	Gross Div. Vield 4.14 2.44 4.22 3.13 2.26 1.56	US Dollar Index 145.17 94.55 127.33 124.33 139.89	Pound Sterling Index 122.88 80.04 107.78 105.24	Local Currency Index 119.39 88.69 119.79	1988 High 152.31 98.18 139.89	1988 Low 91.16 83.72	Year ago (approx) 117.86 94.42
Austria (17)	-0.7 -0.4 +0.0 +0.3 +1.9 +0.4 +0.4	79.47 107.40 105.32 118.84 100.45 87.56	88.23 119.81 108.00 133.25 106.43	2.44 4.22 3.13 2.26	94.55 127.33 124.33	80.04 107.78	88.69 119.79	98.18	83.72	117.86
Malaysia (36)	-0.1 +0.0 +0.2	89.99 119.62 70.60 142.02 115.68 133.85 91.76 61.15 99.95 101.22 93.78 124.44 107.78 69.37 115.50 95.70	80.24 106.60 134.97 134.97 140.97 394.86 100.95 62.14 107.19 111.15 98.82 132.72 117.40 77.72 115.50	1324 231 4.73 4.73 4.73 2.40 5.55 2.45 3.28 2.45 3.28 2.45 3.28 2.17 4.55 4.55 2.45 3.28 2.17 4.55 4.55 3.28	117.50 102.48 84.90 106.28 142.04 83.46 167.73 136.35 156.13 107.93 72.97 117.95 118.80 109.74 148.06 127.27 81.49 135.92	118.41 99.46 98.75 71.87 89.96 120.23 70.64 141.97 115.42 132.16 91.36 61.25 92.89 125.33 107.73 68.98 115.05	108.04 132.66 108.62 98.98 79.65 106.60 135.10 83.77 134.28 140.69 389.99 100.94 110.69 110.45 98.32 133.14 117.23 117.23	128.91 140.36 139.53 103.42 85.23 111.86 144.25 83.46 177.27 1154.17 180.07 110.66 84.05 132.23 135.89 139.07 144.47 126.20 86.75 141.18	99.14 107.06 111.42 106.78 72.77 67.78 84.90 104.60 107.83 90.07 95.23 64.42 98.55 97.99 98.26 130.73 96.92 130.66	113.64 113.53 110.83 110.83 110.83 110.83 123.32 124.67 88.04 129.35 267.40 106.13 108.66 143.86 106.36 119.14 96.29 132.93
Europe (1012)	+0.3 +0.1 +0.1 -0.8 +0.3 +1.0 +0.1 -0.2 -0.2 -0.3	95.07 139,20 121.57 %-21 82.28 105.20 120.74 110.61 111.14 %-20	101.22 133.08 120.24 112.74 92.50 109.44 119.74 117.60 117.51 106.68	3.66 0.77 1.68 3.51 2.93 4.31 1.75 2.10 2.31 3.61	111.93 164.30 143.38 114.49 96.90 123.06 142.40 130.92 131.48 113.94	96.45 94.75 139.07 121.37 %6.91 82.03 104.17 120.54 110.82 111.30 96.45	113.94 100.70 132.41 119.63 113.60 91.92 109.10 119.15 117.55 117.43 108.95	113.94 112.26 172.26 147.53 114.49 97.17 128.27 146.49 131.77 152.39 113.94	99.19 97.01 130.81 120.36 99.78 80.27 87.51 120.26 111.77 113.26 100.00	105.66 111.62 134.32 125.29 106.09 98.40 121.47 125.28 116.18 117.43 109.19